15 Shannon Price Inquiry

WAR-TIME
PRICE CONTROL
IN NEW ZEALAND

by

H. L. WISE

M. COM., F. R. ECON. S., A. F. A. N. Z.

MEMBER OF THE PRICE TRIBUNAL

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CONTENTS

Chapter		*Page*
I	Introductory	5
II	Objectives of price control generally	7
III	Methods of price control	9
IV	Price control in non-export trades before the present war	11
V	Price control during the present war	16
	(a) Price Stabilization Emergency Regulations, 1939	16
	(b) General principles of war-time price control in New Zealand	17
	(c) Replacement cost principle	18
	(d) The Control of Prices Emergency Regulations, 1939	20
	(e) Policing of the Regulations	21
VI	Procedure of making application to increase prices	23
VII	Price control and price stabilization	27
VIII	Difficulties of stabilization	28
IX	The Economic Stabilization Conference, 1940	29
X	Stabilization policy	31
XI	Economic Stabilization Emergency Regulations, 1942—	
	(a) Rents	35
	(b) Wages	36
XII	Control of Prices Emergency Regulations, 1939, Amendment No. 3	38
XIII	Effects of stabilization	41
XIV	Special problems affecting farm products	45
XV	Stabilization of particular commodities	49
	(a) Wheat, flour and bread	50
	(b) Meat	52
	(c) Butter	53
	(d) Cheese	54
	(e) Eggs	55
	(f) Honey	56
	(g) Milk	57
	(h) Sugar	58
	(i) Tea	58
	(j) Potatoes	59
	(k) Onions	63
	(l) Fresh vegetables	63
	(m) Apples	64
	(n) Apricots	64
	(o) Bananas	65
	(p) Woollen goods	65
	(q) Footwear	65
	(r) Coal	65
	(s) Gas and electric light	66
XVI	Publicity as an aid to price control	66
XVII	Conclusion	69
Appendix A	List of Acts and Regulations affecting internal price control	72
,, B	List of Price Orders issued by the Price Tribunal	73
,, C	List of price-stabilized commodities	77

CHAPTER I

INTRODUCTORY

PRICE CONTROL IS NOT NEW. IT IS AS OLD AS CIVILISATION. HISTORY records that there was price control in China in the time of Confucius, about 1100 B.C. Prices were controlled by the Government, all goods having a fixed price. There was a Master of Merchants in every twenty shops to fix the price according to the cost. Where there was any natural calamity the merchants were not allowed to raise their price. By the raising and lowering of price, the Government controlled the supply. In this way the Government adjusted the demand and supply, and prices were kept at a fixed level.

In ancient Egypt, in Greece, and in the Roman Empire price control was similarly practised. For example, the Emperor Diocletian fixed prices for the entire Roman Empire by an edict issued in 303 A.D. This edict fixed the maximum prices at which the various food commodities, as well as clothing and other articles, might be sold. The death penalty was prescribed for anyone who disposed of his wares at higher prices. Prices were specified for between 700 and 800 different items—practically all the articles which his subjects would have occasion to buy. Wages were also fixed. Teachers, advocates, brick layers, tailors, weavers, physicians—all were included. This attempt does not appear to have been too successful because the prices given in the edict were not normal but maximum. As the prevailing prices were so high, it is not probable that the maximum prices differed very greatly from them. The net result was failure and the law had to be repealed because of its impotence in correcting the position of affairs. The historian, Edward Gibbon, in his *History of the Decline and Fall of the Roman Empire* tells us that sixty years after Diocletian's effort to control the cost of living by fixing prices the Emperor Julian made a similar attempt with no greater success.

In each succeeding century history records attempts in every known country to control prices and the cost of living. It is useful to remember this because the layman might be led to believe, in discussions and criticism of present price control

measures that price control is a product of our present-day political and economic systems whereas, in fact, the problem of price control is one that dates back for at least three thousand years.

The present World War witnessed at the very outset the establishment of extensive price control machinery in all of the belligerent countries ; control on a broad scale being conceived by the Governments of such countries to be essential to the successful prosecution of the war. The principle reasons which may be advanced for special war-time control over prices may be stated briefly as follows :—

Firstly, war is likely to bring about such acute shortages of particular commodities that if left uncontrolled the prices would rise far above the level necessary to bring about an appropriate increase in the production of such commodities.

Secondly, wars have generally led to fiscal and monetary inflation, accompanied not only by increases in the prices of commodities which are in short supply, but also by a general increase in prices extending to a greater or lesser degree to all commodities and also to wages and rents. Such general increase in prices is the phenomenon commonly known as inflation, involving an expansion of the total money income of the Nation without a corresponding increase in the volume of production.

Thirdly, rapid price increases, whether due to shortage of particular commodities or to inflation, provide individuals with the opportunity of making undue profits or of exploiting their fellow beings. Such a position tends to undermine civilian and military morale because people naturally form the opinion, in such circumstances, that whilst some are being called upon to make sacrifices, others are escaping their obligations and are enriching themselves at the expense of those who are making the sacrifices.

Fourthly, price control is designed to distribute the burden of war more equitably, making those who can afford to pay more contribute more to the cost of the war. Control prevents those who can afford to pay high prices for commodities from bidding up the prices of such of those commodities as may be in short supply. In this connection, price regulation must usually be accompanied by some sort of rationing because where goods are in short supply if prices are merely held down and no limits placed on the quantities of such goods that individuals may buy, the people with the greatest purchasing power still have an advantage over less fortunate members of society.

Fifthly, it can be argued that a steep rise in prices under war conditions increases the probability of a severe fall after the war, with a possible attendant severe depression.

From the foregoing, it will readily be seen that the problem of price control is one of major importance in war-time, ranking in association with the problem of supply next to the conduct of the war itself. There can be no question as to whether or not there should be control because the necessity for control is obvious. The only question can surely be what form is control to take and how far shall it go?

CHAPTER II

OBJECTIVES OF PRICE CONTROL GENERALLY

BEFORE PROCEEDING TO A CONSIDERATION OF WAR-TIME PRICE control in New Zealand it may serve a useful purpose to summarize very briefly by way of background the main objectives of price control generally and the methods of control.

Price-fixing or control has been adopted to achieve a number of different objectives. Probably the most usual purpose in recent years has been to aid the producer to receive a profitable price for his product. Examples of this in New Zealand are the fixing of the prices of wheat and raw tobacco. Closely related is the objective of reducing price fluctuations through the adoption of devices for orderly marketing. The adjustment of the purchasing power of a large group in the national economy may be another purpose of price-fixing. Still a further objective is to protect consumers against rising prices, and particularly against extortionate or unreasonably high prices. This may be important during peace time, particularly if prices show a steadily rising tendency as was the case in the years immediately preceding the outbreak of the present war. It becomes of the greatest importance during periods of war when shortages of materials are associated with sharp price rises and public resentment against profiteering. On the other hand, prices may be fixed at relatively high levels in order to encourage expansion in the production of certain products. The trend toward national self-sufficiency in connection with wheat, for example, has in the past been supported by the imposition of high

minimum prices in many countries. These prices gave an incentive to producers to expand their output because of the assurance that it could be profitably sold.

The objective of war-time price control in New Zealand, as in most other countries, is the protection of consumers ; and at this stage it is desirable to draw a distinction between price control and price fixation. So far as New Zealand's policy is concerned, it is preferable to call it " price control," since much more is done in controlling prices than in fixing them. No doubt the objective in everybody's mind when the war broke out was to prevent profiteering. The question at once arises, however, as to what constitutes profiteering, and here there is a difficulty because profiteering is a term that is relative to some basis or standard. It may be defined perhaps as being the charging of a price that is unreasonably high, but then again a question has to be answered as to what is a reasonable price and a reasonable profit. The experience of the last war, however, showed that very much more was necessary than a mere hunt for profiteers and that a much more fundamental and rational objective was to limit, as far as possible, rises in prices in New Zealand to the extent of the increases in costs due to the war. This, then, is the objective that the New Zealand Government's war-time policy of price control aims at. It is a much broader objective than that of hunting for profiteers ; and in the carrying out of this broader policy control is automatically exercised over profiteers, because if there are any then their prices will be higher than the prices justified by actual increases in costs. This does not necessarily mean that, because a person has increased the price of a commodity to a greater extent than increases in costs, he immediately falls into the category of a profiteer in the usual sense of the word ; but it does mean that the exposure of those who seek to profiteer because of the circumstances of war is made much more effective. It will be obvious that the objective of limiting rises in prices to the extent of increases in costs due to the war is one of far greater magnitude and much wider in its implications than one of merely fixing the prices of a relatively small number of commodities or of preventing profiteering in the customary usage of the word. From the standpoint of the consumer price control with this objective in view becomes of the utmost importance in a war-time economy.

CHAPTER III

METHODS OF PRICE CONTROL

THIS DIVERSITY OF OBJECTIVES IN RESPECT OF PRICE CONTROL generally requires the adoption of different price-fixing techniques for their attainment. The methods of price control may be classified under two heads, namely, " direct " and " indirect " price-fixing.

(1) *" Direct " price-fixing :*

- (i) Minimum price ;
- (ii) Maximum price ;
- (iii) Fixed range of price where maximum and minimum are both fixed ;
- (iv) Specific price ;
- (v) A fixed price relationship either based on another fixed price or a fluctuating price.

(2) *" Indirect " price-fixing :*

- (i) Limitation of the total supply available ;
  - (a) By reduction of the old supply, e.g., destruction ;
  - (b) By production control, e.g., by production quotas, planting restrictions, control of acreage, control over new capacity, limitations on the hours of machine, plant and labour.
- (ii) Limitations on the quantity available in a specific market, i.e., market control ;
  - (a) By regulation of exports, e.g., export quotas ;
  - (b) By regulation of imports, e.g., by tariffs, sliding scale duties, import quotas ;
  - (c) By withholding a surplus from the market.

A survey of the various experiments in price fixing in different countries up to and including the Great War of 1914-18 shows that direct price fixing was the most commonly used method and of the direct methods maximum price fixing appears to have been the most popular. After the Great War, however, the majority of price fixing schemes were of the indirect variety, this being due, no doubt, to a realization that under the

economic conditions prevailing the fixing of prices without a simultaneous control of supply and demand was insufficient. The development in the use of indirect methods of price fixing after the Great War has been summed up by one writer as follows : " Probably never before in history has there been such an orgy of indirect price-fixing measures and imposition of trade restrictions in the form of tariffs, import quotas, and other measures to restrict trade as we witnessed during the period since the World War and particularly since 1920."

No method, whether it be direct or indirect is simple and easy to operate. Each method has its own particular problems and the most appropriate and effective method in any particular case depends on all the circumstances. In war-time, it is natural that direct methods of price control should be more common than indirect ones since the latter generally aim at influencing the forces of either supply or demand with the object of thereby influencing the trend of prices. In war time, however, the biggest influence on supply and demand is the war itself, and more direct methods are, therefore, required, especially in the interests of consumers. We shall, therefore, confine ourselves to a very brief description of the five direct methods mentioned.

Maximum price-fixing refers to the setting of a price above which no transaction can legally take place, or in other words a ceiling is placed upon the movement of prices. There is nothing, however, to prevent prices from ruling at lower levels if the relative importance of supply and demand warrant them. The main beneficiary of this type of control is the consumer, and it is usually for his benefit that maximum prices are set.

Minimum price fixing refers to setting a price below which transactions are not permitted to take place. As contrasted with the ceiling which is created when maximum prices are fixed, minimum prices place a floor below which transactions are forbidden. The purpose of fixing minimum prices is usually to aid the producer.

The fixed range of prices refers to a situation where a maximum and a minimum price of a commodity are both fixed. Here, the movement of prices is limited to a predetermined range. This method of price fixing provides both a floor and a ceiling for prices.

By a specific fixed price is meant one at which all transactions must take place. It is a combination of minimum and maximum price fixing.

By a fixed price relationship is meant fixing the price of the controlled commodity at a predetermined ratio to that of another. Under this method the basic price can either be a fixed price or a competitive or fluctuating price.

Any of these methods require the greatest care in implementing them for otherwise any maladjustments in supply and demand brought about by the existence of war-time conditions may be still further enhanced. If, for instance, a maximum price is fixed too low, there may be a tendency for production to be retarded and for demand to be increased, while if on the other hand a maximum price is fixed too high there may be a tendency for supply to be increased and for demand to be curtailed. The point to be emphasized is that any form of price fixation is most complex, and that the fact of fixing a price may call into play forces which in the absence of a simultaneous control of supply and demand may radically affect both.

CHAPTER IV

PRICE CONTROL IN NON-EXPORT TRADES BEFORE THE PRESENT WAR

A NUMBER OF THE FOREGOING METHODS OF CONTROL ARE APPLICable to New Zealand, and examples both of "direct" and "indirect" price-fixing readily occur to one. The general policy of war-time control has been the fixing of maximum prices at which traders can sell, such maxima being based on the prices at which they were selling pre-war, plus any increases in costs that have taken place since the war. Examples of minimum and specific prices were in existence before the war and still continue. Minimum prices are fixed for raw tobacco leaf, while specific prices are fixed for wheat, flour, bread and petrol. In the case of bread, a minimum margin of 1d. per 4 lb. loaf for delivery is fixed over and above the cash-over-counter price.

Instances of pre-war "indirect" price-fixing may be seen in the export quotas that were placed on meat and dairy produce for entry into the United Kingdom and in the sliding scale customs duties on imported wheat.

Up to the outbreak of the present war, control over prices generally in New Zealand was provided for by the Board of

Trade Act, 1919, as amended by the Board of Trade Amendment Act, 1923, and the Prevention of Profiteering Act, 1936. The first-mentioned Act contains special provisions relating to the prevention of profiteering and authorizes the making of regulations "for the establishment of fixed or maximum or minimum prices or rates for any classes of goods or services, or otherwise for the regulation or control of such prices or rates," and "for the prohibition, regulation, or control of differential prices, or rates for goods or services, or the differential treatment of different persons or classes of persons in respect of goods or services in cases where the existence of such differential prices, rates, or treatment is considered prejudicial to any industry in New Zealand or to the public welfare."

The profiteering section provides that every person commits an offence who, either as principal or agent, sells or supplies, or offers for sale or supply, any goods at a price which is unreasonably high. The price of any goods is deemed to be unreasonably high if it produces, or is calculated to produce, more than a fair and reasonable rate of commercial profit to the person selling or supplying, or offering to sell or supply those goods, or to his principal. It is also provided that every person commits an offence who, being in possession of goods for mercantile purposes, destroys or hoards and refuses to sell such goods or to make them available for sale if such destruction or hoarding and refusal raises, or tends to raise, the cost of other similar goods to the public.

In practice these provisions were found difficult to operate because in the absence of any formula it was difficult to prove except in glaring cases that a price was unreasonably high, and more particularly still because in determining whether a price was unreasonably high it was laid down in a case taken by the Crown a number of years ago that the cost of replacing the article could be taken into account.

In 1936, following upon the implementing of its policy of raising wages, the Government considered it necessary to strengthen the existing price control legislation so as to ensure, as far as possible, that the benefit of higher wages was not offset by rises in prices. Accordingly the Prevention of Profiteering Act was passed in that year. Thereafter it became an offence for anyone to sell or offer to sell any goods at a price which exceeded by an unreasonable amount the "basic" price as defined in the Act. The Act applied to services as well as to goods.

The " basic " price was defined as the lower of the following prices, namely :—

(a) The current price at which on the 1st June, 1936, goods of the same nature and quality were saleable in the same locality if sold in the same quantity and on the same terms as to payment delivery, or otherwise ; or

(b) The actual price at which on the 1st June, 1936, goods of the same nature and quality were sold or were offered, or were available for sale by the defendant (whether as principal or agent), in the same locality, in the same quantity, and on the same terms as to payment, delivery, or otherwise.

In determining for the purposes of any proceedings under the Act whether any increase above the basic price of any goods or services had been unreasonable (so as to constitute the making of such increase an offence against the Act) the Magistrate was required to take into consideration the following matters, namely :—

(a) The extent (if any) by which the expenses of the defendant had since the 1st June, 1936, been directly or indirectly increased by the operation of any amendment of the Law relating to the rates of remuneration of any workers, or to the working hours of any workers :

(b) The extent (if any) by which the business of the defendant had been or was likely to be increased by reason of an increased demand for goods of the kind sold or for services of the kind performed by him, due to the increased purchasing power of persons requiring such goods or services.

It was further provided that in any proceedings under the Act no evidence could be received that did not relate directly to the prices charged by the defendant for the specific goods or services referred to in the information or which did not relate to the basic price of such goods or services, or to the special matters referred to in the preceding paragraph, unless the Magistrate was of opinion that it would be a cause of injustice to the defendant if evidence relating to any other matters that the Magistrate deemed relevant were not taken into consideration. Subject to the foregoing the Magistrate hearing any information under the Act was authorised in his absolute discretion to determine whether the making of any increase above the basic price of any goods or services was reasonable or unreasonable, and any decision of the Magistrate was final and conclusive.

Another important Act which should perhaps be mentioned is the Motor Spirits (Regulation of Prices) Act, 1933, which gave powers to fix maximum and minimum prices for the sale of motor spirits. Regulations were first passed under the Act on February 12, 1936, fixing the wholesale and retail prices in what was known as the Wellington free delivery area. Thereafter regulations were passed covering other areas, and prices are now fixed in practically every district throughout New Zealand.

Yet a further pre-war Act affecting internal prices which must be referred to is the Primary Products Marketing Act, 1936. This Act is of importance so far as measures for the control of internal prices are concerned, as also is the Amendment to the Act which was passed in 1937, entitled the Primary Products Marketing Amendment Act, 1937.

The Primary Products Marketing Act, 1936, contained provisions enabling the fixing of prices in respect of dairy produce intended for consumption within New Zealand. The relative section stated that at any time after the fixation of prices in respect of dairy produce exported or intended to be exported from New Zealand the Governor-General might, by Order-in-Council, fix prices in respect of dairy produce intended for consumption in New Zealand. In fixing prices to be paid to any dairy company for dairy produce manufactured by it the general purpose was to assure to the producer a net return from his produce equivalent to the return that he would have received if such dairy-produce had been acquired by the Crown for export. In fixing other prices of dairy produce, the general purpose was to ensure that the consumer would be able to obtain the same at a reasonable price and that the retailer and other persons engaged in the distribution of dairy produce would receive a fair and reasonable remuneration for efficient services.

By virtue of the 1937 Amendment, the Primary Products Marketing Department established under the principal Act, was divided into separate divisions, namely, (a) the Dairy-produce Export Division ; (b) the Internal Marketing Division ; and (c) such other Division or Divisions (if any) as might thereafter be constituted. The functions of the Department were allocated between the different divisions. It was provided that insofar as the functions of the Department were concerned with dairy-produce exported or intended for export from New Zealand they should be exercised by the Dairy-produce Export Division, and that the rest of the functions should, unless and until another division of the Department was instituted, be exercised

by the Internal Marketing Division. As this review is confined to internal price control and not to price fixation as applied to export industries, we are here concerned only with the last mentioned Division.

With respect to dairy-produce, fruit, honey and eggs, and also such other foodstuffs (if any) as the Governor-General might, by Order-in-Council, from time to time declare, the Department (i.e., the Internal Marketing Division) was given power to fix, in respect of any defined district or locality or for the whole of New Zealand, the wholesale or retail prices at which any such foodstuffs might be bought or sold, or to fix margins within which any such foodstuffs might be bought or sold, or to fix general conditions subject to which sales of such foodstuffs should be made. Such margins might be fixed as maximum and minimum prices, or they might be fixed by reference to the amounts or percentages by which selling prices might exceed buying prices. The Department was also given power to take any such foodstuffs at fixed prices.

By a further Amending Act of 1939, the name of the Department was altered from the Primary Products Marketing Department to the Marketing Department, and the title of the principal Act was amended to the Marketing Act, 1936.

Rising prices overseas with a resulting tendency for prices to rise in New Zealand, together with other new factors which had arisen in the meantime, ultimately necessitated the taking of still further measures by the Government; and accordingly on 2nd June, 1939, the Price Investigation Tribunal was appointed, comprising a Judge of the Arbitration Court and an officer of the Department of Industries and Commerce. This Tribunal was appointed under the provisions of the Board of Trade Act with powers delegated to it by the Minister of Industries and Commerce and with the general function of controlling prices in New Zealand. The Tribunal also took over from the Industries and Commerce Department the administration of the Prevention of Profiteering Act and of the profiteering sections of the Board of Trade Act. The administration of the Motor Spirits (Regulation of Prices) Act, 1933, remained with the Industries and Commerce Department, and likewise the administration of the Marketing Act, 1936, and its amendments remained with the Marketing Department.

Coincidentally with the setting up of the Tribunal, regulations were passed entitled the Board of Trade (Price Investigation) Regulations, 1939. Under these regulations persons or

firms making increases in the prices of specified goods were required to notify the Tribunal prior to making such increases and give the reasons for them. These regulations applied to a fairly wide range of commodities and also to the performance of prescribed services.

From the foregoing it will be seen that prior to the outbreak of the war, there had already been set up by the Government a special price fixing authority, namely, the Price Investigation Tribunal, with control over prices generally, in readiness to meet the situation should war eventuate. In addition to this authority there was also the Internal Marketing Division of the Marketing Department with power to fix prices of dairy produce, fruit, honey and eggs, and such other foodstuffs as might, by declaration from time to time, be brought within the scope of the Marketing Act. The administration of the Motor Spirits (Regulation of Prices) Act, 1933, remained, as mentioned, with the Industries and Commerce Department.

CHAPTER V

PRICE CONTROL DURING THE PRESENT WAR

(a) *Price Stabilization Emergency Regulations, 1939*: On the 1st September, 1939, the Price Stabilization Emergency Regulations were passed pursuant to the Public Safety Conservation Act, 1932, and to a proclamation of emergency then in force. The Price Investigation Tribunal was charged with the administration of these regulations. The regulations stabilized the prices of all commodities and the rates or fees for all services at the levels ruling at the 1st September, 1939, and in terms of the regulations no increases in such prices, rates, or fees could be made without the permission of the Minister of Industries and Commerce. The regulations also contained provisions making it an offence to hoard goods. The immediate purpose of the regulations was to hold all prices at existing levels during the first days of the war, when the first reaction might have been for some traders to exploit the position or to anticipate increases in prices, or for buyers, by buying or attempting to buy in larger quantities than formerly, to outbid each other for stocks. Without such regulations, it can safely be said that the prices of most

classes of commodities in New Zealand would have risen more or less overnight to considerably higher levels than those ruling on the 1st September. After prices had been held for some weeks it became apparent, however, that by reason of prices having risen overseas, the September 1st level in New Zealand could not be held indefinitely, and, with the arrival of shipments from overseas costing more and incurring higher charges in respect of freight, insurance, exchange, etc., it became necessary to permit increases on the levels ruling on the 1st September. Increases also had to be permitted as a result of higher export prices for certain staple lines such as wool, hides, pelts and tallow, which brought about a corresponding rise in the internal prices of such commodities. Consequently, for the purpose of effective administration of the regulations the Minister's powers to consent to increases were delegated to the Tribunal.

(b) *General principles of war-time price control in New Zealand*: In the administration of the regulations, two radical departures were made from orthodox business practice. Firstly, traders normally adjust their prices on the basis of replacement cost; that is to say, if the cost of replacement of a commodity rises they immediately raise the prices of all such goods as they have in stock by an equivalent percentage. Thus, if the replacement cost doubled, the selling prices of stocks in hand would be doubled, too. The second orthodox business practice is to arrive at the selling price by adding a percentage on cost. The Government decided that, in a time of national emergency, it would not be just to consumers to permit these two principles of business to be continued, since it would mean, in practice, that all sellers of goods would obtain much higher profits because of the outbreak of war—assuming, of course, that the volume of turnover remained the same. In other words, while traders might not consciously indulge in profiteering, the effect of price increases due to these two causes would be very much the same as if they did deliberately profiteer. Their nett profits would be considerably augmented and the extra profits would come from consumers' pockets. Accordingly, the Government directed the Tribunal to approve increases in selling prices in accordance with the following principles:

(i) Increases could be approved to the extent of actual additional costs;

(ii) Such increases could be applied only to those goods which had incurred extra costs;

(iii) Where the margin of gross profit formerly obtained on similar goods appeared to be excessively high, or where the general position of the vendor of the goods made it possible, some or all of the extra costs should be absorbed by the vendor.

Later on the Minister of Industries and Commerce authorized the Tribunal to depart from the first principle of allowing actual increased costs only in exceptional circumstances, as for example, where hardship would be caused to the vendor. The Tribunal was authorized to allow a margin (but not necessarily the usual margin) of profit on the increased costs. The foregoing principles have been and are still being carried out by the Tribunal. It is not possible to measure the savings to the consumers from the adoption of this policy, but there can be no doubt that the savings must, in the aggregate, be very large; and that, in the absence of such policy and of the necessary administrative machinery to carry it out, the general level of prices would be considerably higher than it is to-day.

In respect of services, it may be mentioned that the Licensing Authorities under the Transport Licensing Act, 1931, have continued to exercise jurisdiction over the rates or charges for road passenger and goods services.

(c) *Replacement cost principle*: The disallowance of replacement cost was the cause of a good deal of criticism in the early stages of war-time price control. Traders argued that they should be allowed replacement cost, because when prices started to fall the values of stocks in hand would be reduced—on the principle that the cost of replacing them would be lower. In support of their argument, traders referred to losses which had been incurred at the end of the last war when prices commenced to fall. In normal times when prices generally are not fluctuating markedly it is probable that the principle of replacement cost operates more or less equitably in respect of both trader and consumer. Where, however, prices over a considerable period show a steadily rising tendency and where there are sharp upward movements in prices, then it is obvious that the principle operates disadvantageously to the consumer, because at each successive price rise something in the nature of a "windfall" accrues to the trader. Take the case of sugar as an example. At the outbreak of the war prices of sugar rose sharply overseas and on the principle of replacement cost the price in New Zealand would have been substantially advanced, this being a practice that it was customary for the company concerned to

adopt in pre-war times. An arrangement was made with the Government, however, whereby the price of sugar was stabilized and under which replacement cost was not allowed. This arrangement meant an estimated saving up to the end of June, 1940, of about £300,000 which the consumer would have had to pay if replacement cost had been allowed. Similar savings have been made with subsequent price rises overseas.

Against the allowing of replacement cost, it is contended, too, that while in some cases traders were caught at the end of the last war with very large stocks on hand, this was due to the fact that they had ordered in excess of requirements, thinking that they would only receive a portion of the orders which they had placed. Consequently, when prices fell and suppliers did fulfil their orders in full, buyers were placed in the position of having to take delivery of excessive stocks on a falling market, a condition which it is held is not likely to arise in New Zealand at the termination of the present war because of the operation of import control.

It is argued, too, that control of prices generally is more effective in most countries during this war than it was in the last, and that if prices are prevented from rising to the heights that they did in the last war, then any fall that takes place at the conclusion of this war will be correspondingly less severe. Again, control over prices during a period when they are rising appears to justify some recognition of the necessity for control when the converse movement is in operation and when the stability of traders may be equally threatened.

With a view to evening out fluctuations and to providing for an orderly adjustment to higher costs, the Price Tribunal, in appropriate circumstances, permits the averaging of the costs of old and new stocks ; and it has done this in numerous instances. This procedure has the effect of increasing prices by a number of small steps rather than by a few large ones. The essence of the principle of averaging costs is, of course, that the quantity and value both of old stocks on hand bought at one price and of new stocks bought at another price may be taken into account in the determination of the new selling price. While this procedure does not give replacement cost, it is contended that it does go a little way towards meeting the objections of traders, and that at the same time it conforms to the present policy of not allowing traders to make profits on stock which has not borne the particular increase in costs and which has been bought at a lower price than the current market value.

(d) *The Control of Prices Emergency Regulations, 1939*: The administration of price control during the first few months of the war revealed the necessity for giving the Tribunal wider and more specific powers; and in order to meet the position the Government passed the Control of Prices Emergency Regulations, 1939, on the 20th December of that year. Under these regulations, the Tribunal was specifically constituted as the Price Tribunal with the same personnel as had been set up by the Minister under the Board of Trade Act. The name of the Tribunal, it will be noted, was changed from the "Price Investigation Tribunal" to the "Price Tribunal." The functions of the Tribunal as prescribed by the regulations are to investigate complaints as to prices; to issue Price Orders; to exercise the powers and functions conferred on the Minister of Industries and Commerce by Clause 11 of the Price Stabilization Emergency Regulations (i.e., to authorize increases in prices above the 1st September, 1939, level); to hold inquiries, judicial or otherwise, either in private or in public; to hear evidence on oath; to summon witnesses, to require the production of books and documents; and generally to maintain a survey of all prices, institute proceedings for offences in relation to prices, and to take such other steps as in its opinion may be necessary to prevent profiteering or the exploitation of the public. An important new provision was the power given to the Tribunal with the authority of the Minister to make Price Orders. Such powers are particularly useful where it is possible to fix a uniform price for a particular locality or for the whole Dominion.

A considerable number of such Price Orders have been issued. In regard to these Orders the Regulations provide that in respect of any goods the prices of which have been fixed by any competent authority acting under the Board of Trade Act, 1919 or the Motor-Spirits (Regulation of Prices) Act, 1933, or the Marketing Act, 1936, or any other enactment, they shall be read subject to the provisions of such other enactment and to the Order-in-Council or other instrument by which prices have been fixed thereunder. A number of price orders have now been issued by the Tribunal covering the prices of certain commodities that are also by virtue of the Marketing Act, 1936, subject to control in some form or another by the Internal Marketing Division. Such Orders have been issued by the Tribunal in collaboration with that Division.

A further important new provision was that which authorized the Tribunal to hold inquiries in public. Previously, when the Tribunal was operating under the Board of Trade Act, inquiries were, in accordance with the provisions of that Act, required to be held in private. A number of public inquiries have now been held.

More recently still amending regulations, namely, the Control of Prices Emergency Regulations, 1939, Amendment No. 1, were passed on the 23rd July, 1941, providing for the appointment of two Associate Members to the Tribunal, one possessing expert knowledge of foodstuff lines, and the other possessing similar knowledge in regard to clothing and footwear lines. These Associate Members sit as members of the Tribunal on matters coming within their particular spheres.

(e) *Policing of the Regulations*: Policing of the regulations to ensure as far as possible that they are carried out by traders is effected by inspectors of the Price Tribunal in Auckland, Wellington, Christchurch and Dunedin, and also by Inspectors of Factories of the Department of Labour throughout New Zealand. The Tribunal's inspectors cover not only the main centres but also the outlying districts as well, frequent periodic visits being paid to these territories. Complete coverage is thus effected over the whole Dominion. The inspection staff includes women as well as men.

The enforcement of the regulations and the decisions of the Tribunal is a matter of prime importance because failure on the part of a few to comply therewith will, in the absence of effective measures to ensure observance, produce an adverse psychological reaction on traders and the public generally, and result in a general weakening of control. The profit motive is unfortunately always sufficiently powerful in any society to induce a few to break the law. To some the deliberate charging of an extra halfpenny or a penny on the price of an article may appear trivial, but it must be remembered that a multiplicity of such transactions at an unauthorized price may mean, in the aggregate, a substantial additional profit to the traders concerned. Such overcharges may occur, of course, as a result of ignorance of the regulations or of a genuine mistake on the part of a trader or his employee, but the deliberate charging of excessive prices in war-time is a crime against society that can only be deserving of the severest censure and of severe penalties. Still more serious is the action of a trader who may seek to take advantage of war-time conditions, especially where shortage of goods is involved,

to exploit his fellow-beings and to profiteer deliberately, or to indulge in "black market" transactions. So far, it may be mentioned, the Price Tribunal has taken prosecutions involving approximately 430 convictions for breaches of the price control regulations.

All offences, however, it should be pointed out, are not offences of profiteering in the ordinary meaning of the word. Some cases of profiteering have been taken, but the great majority of offences that do occur are in respect of the charging of a higher price than that charged on the basic date, namely, the 1st September, 1939, without the authority of the Price Tribunal, or than that which has been subsequently approved by the Tribunal. Some cases have also been taken against traders for failure to display Price Orders or statements of the prices fixed thereby. This matter will be referred to later.

Housewives do by far the greater part of the domestic buying and are, therefore, in a position to play a very important part in ensuring observance of the regulations on the part of traders. It is not suggested that housewives should be policewomen, but, nevertheless in time of war there appears to be a moral obligation on every individual, whether man or woman, to see that the law imposed on society by the will of the people is observed by every trader and by every member of the public. Women, as well as men, can, therefore, assist by refusing to buy when it is within their knowledge that the price asked by the trader is in excess of that which has been authorized, by refusing to be a party to any breach of the regulations, and by reporting any case of overcharge to the appropriate authority.

Organizations of consumers, Housewives' Associations, and other women's organizations can render valuable service in keeping a watchful eye upon the the prices charged in any particular locality and generally throughout the Dominion, and can exert considerable moral influence in regard to observance both by the public and by traders of their obligations with respect to the prices at which commodities may be bought and sold.

CHAPTER VI

PROCEDURE OF MAKING APPLICATION TO INCREASE PRICES

THE PROCEDURE OF MAKING APPLICATION TO THE PRICE TRIBUNAL and of securing permission to increase prices has been simplified as much as possible with a view to reducing to a minimum the time factor and of causing as little inconvenience as possible to traders.

Forms have been prescribed and traders may make application on these (or, if they prefer it, on their own forms, providing they give the requisite information to enable the Tribunal to deal with the application).

Application may be made direct to the Tribunal at Wellington, or to the District Officers of the Department of Industries and Commerce at Auckland, Christchurch and Dunedin. The latter arrangement was made to facilitate the making of applications by traders in those localities.

The Tribunal has always been willing to give favourable consideration to working through trade associations and groups of traders so as to simplify still further the procedure of making application. Such application, by arrangement with the Tribunal, may be made by an association or trade group on behalf of some or all of the members of that association or group. A number of arrangements of this nature have been made and some of them are working particularly well.

A staff of expert investigating officers at Wellington and at the other three centres mentioned then investigates the applications, all of which are then submitted to the Price Tribunal for consideration and decision. The investigating staff comprises both accountants and experts with a life-long experience in particular trades, e.g., drapery, footwear, hardware, groceries, etc. In many cases formal inquiry by the Tribunal is necessary, the applicants being called before it for examination. Such inquiries are usually held in private by reason of the confidential nature of the information which is disclosed to the Tribunal; but, as already mentioned, they may also be held in public.

Frequently, with a view to stabilizing prices or to securing uniformity in respect of prices or price increases, manufacturers in a particular industry may make application to the Tribunal on behalf of all the units in that industry. The Tribunal then examines the position of all the units or of a representative number of them, and by a process of averaging of costs and of stocks arrives at a price that is fair and equitable both to all the manufacturers and to consumers. Frequently by this method an average date is arrived at from which a price increase shall take effect. If individual applications were required from each unit in the particular industry and if each case was treated on its merits, then different prices coming into force at different dates would result, and this might lead to confusion in the industry. By a process of averaging this confusion is avoided. Some manufacturers may lose temporarily by this method and some may gain, but overall they get no more than their aggregate increases in costs, and the interests of the consumers are fully protected.

In some cases a detailed and comprehensive accountancy investigation may be called for, involving an examination of balance sheets and profit and loss accounts over a period of years. Such may relate only to a single applicant trader or manufacturer, or it may relate to all the traders or manufacturers in a particular field of trading or manufacturing, or it may relate to a representative number or cross section of such traders or manufacturers. The adoption of this procedure may arise through the necessity of having to ascertain whether or not the applicant, or the trade or industry generally is in a position to carry either wholly or in part the increases in costs which are the grounds of the application. It may also arise through the necessity for the Tribunal having to ascertain whether the financial position of the applicant or of the trade or industry generally is such as to justify payment of a subsidy by the Government to cover any proved increases in costs. The latter position is likely to arise more particularly in relation to a stabilized commodity, where the price cannot be increased to cover increases in costs.

A steady flow of applications is received by the Tribunal day by day and daily sittings of the Tribunal are held to consider those that have been dealt with by the investigating officers. On the average about two hundred such applications are received each week. The flow is a large and constant one because costs are varying all the time especially in the case of imported goods,

and goods made within New Zealand largely from imported raw materials. To the extent to which such variations in costs occur so to that extent does the necessity arise for repeated application to be made to the Tribunal for price adjustments.

Furthermore, a commodity is not finally dealt with once a price is approved by the Tribunal because under the system adopted the price approved is based upon and related to the costs included in the application. In the case of imported goods the Tribunal's approval, generally speaking, relates only to the particular goods that are the subject of a particular application, or in other words, that are comprised in a particular shipment. Successive shipments, even though they may be made at the same or lower costs, are required to be the subject of further application to the Tribunal. If it appears that the goods have landed at lower costs the Tribunal may fix a price lower than that which previously obtained, and if at higher costs the Tribunal may authorize a higher price. In this way close touch is maintained with the trend of prices, especially overseas prices, and effective control exercised over the prices of goods as they arrive within New Zealand. Likewise the system enables the Tribunal to watch closely the costs of goods manufactured within the country from imported raw materials, and to take such action as may be necessary to reduce prices in circumstances where it has come to the knowledge of the Tribunal that costs have been reduced.

Except in cases such as have been mentioned where group application is desirable and practicable, the basis of securing permission to increase prices is individual application. This brings about a rather curious position and one which has given rise to some misunderstanding, inasmuch as retail prices are not uniform at any particular time and in any particular place. Retail prices generally, however, were not uniform prior to the outbreak of the war, nor have they ever been uniform. Prices of the same commodity vary from place to place, according to differences in freight and other costs. They vary from trader to trader in the same town according to differences in location and to the class of trade or customer for which the traders are catering. They vary from trader to trader in the same locality according to whether they are delivering the goods and providing any other form of service in addition.

The policy and procedure adopted has not altered these differentials. If they were in existence on the 1st September, 1939, then, generally speaking, they are still continued; but it

does not necessarily mean that one trader is obtaining more profit than another, because his costs may be higher and he may be providing more service. So, when the costs of different traders are increased and they apply to the Tribunal for increases in prices, they are in each case allowed no more than their increases in costs, providing of course that in terms of the present policy they are not required by reason of their position to absorb the costs either wholly or in part. If the increases are granted, this means that the amount of profit (as distinct from the percentage margin, which automatically becomes lower) is in each case unchanged, and the same differentials as existed on the 1st September, 1939, are maintained.

This policy, although misunderstood by some sections of the public, has, it is contended, been the means of saving them a considerable amount of money; because, if an attempt were to be made to make prices generally uniform, then maximum prices would have to be fixed, the maximum would tend to become the minimum, and there would probably be a rise in the general level of prices, to the detriment of the consumer. Every effort is nevertheless continuously directed by the Tribunal towards stabilization of and uniformity in the price level.

Again, price differentials come about because traders are not permitted to increase the price of old stocks. Consequently, one trader working on old stocks may be selling at a lower price than another close alongside him who is working on new, higher-costing stocks. If prices were to be made uniform, they would necessarily have to be on the basis of the higher-costing stock, because otherwise traders would not sell the goods at a loss. This would mean that the trader with the old stocks would get a benefit, and the consumer would have to pay for it. The fact that prices are not uniform is, it is maintained, clear evidence that the policy of price control is effective, and that the interests of the consumers are being fully preserved.

From the point of view of the traders such price differentials may, in some cases, be undesirable; but they have always existed in many fields, and have merely been continued, and any attempt to raise prices to the level of the highest price ruling has not been permitted by the Tribunal.

Where uniformity in prices is desirable or necessary, then, as already indicated, the Tribunal is always prepared to treat with trade or industrial groups, always providing of course that such uniformity or stability in prices is not achieved at the expense of the consumer.

CHAPTER VII

PRICE CONTROL AND PRICE STABILIZATION

AS STATED EARLIER, THE OBJECTIVE OF NEW ZEALAND'S WAR-TIME policy of price control is the limiting of increases in prices of all commodities and all services to the extent of increases in costs due to the war—a task of far greater magnitude and much wider in its implications than that of merely fixing the prices of a relatively small number of commodities or of preventing profiteering in the customary usage of the word. Despite rigid control within New Zealand, the general level of prices has, however, inevitably increased, due especially to the fact that a large part of our requirements, including both capital goods and raw materials for our own industries, as well as directly consumable goods, has to be obtained from overseas at higher prices. Increased shipping freights, war-risk insurance, and other increased charges have added to the cost of importing such goods. The effectiveness of control may be evidenced by the fact that by August, 1941, two years after the outbreak of war, the "All Groups" Index number of retail prices, compiled by the Government Statistician, had risen only 7·8 per cent above the figure for August, 1939, as compared with 15·3 per cent for the first two years of the Great War. Nevertheless rising prices have almost inevitably led to demands on the part of employees for increased wages to compensate for higher living costs and to requests for the stabilization of costs, including wages and prices. Higher rates have been granted in some cases for special reasons and following upon application to the Court of Arbitration a general Order of the Court was made granting a general increase of 5 per cent in wage rates covered by awards and industrial agreements, such increase becoming operative from the 12th August, 1940. The Government Statistician's "All Groups" Index number of retail prices for that month showed a rise of 4·7 per cent above the figure for August, 1939.

A further general Order of the Court granting a further general increase of 5 per cent was made on the 31st March, 1942, such Order taking effect on and from the 7th April, 1942. In March, 1942, the Government Statistician's "All Groups"

Index number of retail prices was 8·3 per cent above the figure for August, 1939. The latest figure available, namely, that for December, 1942, shows a rise of 13·4 per cent above the August, 1939, figure.

Stabilization goes further than control inasmuch as it aims not at the control of prices within certain limits, e.g., according to the extent of increases in costs due to the war, but rather at the maintenance of costs and prices at a predetermined level. This implies the absolute prevention of further cost increases above the level ruling at the predetermined date such as could bring about resulting increases in prices, or, alternatively, the meeting of any increases in costs that do take place by such means as will obviate the necessity for any compensating increases in prices. It also involves the determination of standards of quality and in some cases the determination of a standard article, for, although the actual price of a commodity may remain constant if the quality falls the effect may be just the same on the consumer as if the quality had remained constant and the price had risen.

CHAPTER VIII

DIFFICULTIES OF STABILIZATION

DEPENDENT AS NEW ZEALAND IS UPON OVERSEAS SOURCES FOR A large part of her requirements, stabilization of costs and prices presents serious difficulties, for not only does it involve price-fixing and all the preliminary investigation that this entails but also heavy expense for subsidies, intricate administrative machinery and difficult dealings with producers and traders. This dependence on other countries and the impossibility of exercising any form of control over cost factors outside the jurisdiction of New Zealand make it impracticable to effect stabilization without the payment of heavy subsidies or without the adoption of some equivalent method of offsetting increases in costs. Failure to recognize the higher cost of importing goods from abroad would simply mean that sooner or later importation of the lines affected would cease. This would probably result in some reduction in the standard of living and certainly some dislocation of industry in New Zealand.

By reason of the difficulties referred to, complete stabilization of the prices of all commodities appears to be impracticable and the most that can be achieved in such circumstances is the stabilization of a relatively small number of selected lines. This applies particularly to imported commodities where the number of classes and the range of goods within each class are so wide and the administrative difficulties of applying subsidies so great as to render any scheme of stabilization, except in respect of selected lines, virtually impracticable.

The difficulties of stabilization are existent to a lesser extent in respect of goods which, while produced within New Zealand, are comprised wholly or mainly of imported raw materials. On the other hand, stabilization can readily be applied to goods produced within New Zealand and comprised wholly or mainly of raw materials of domestic origin, providing, of course, that wages and other items of cost are also stabilized.

In war time it is logical that the selected lines should comprise essential goods that enter largely into the cost of living and that they should not comprise goods of a luxury or semi-luxury nature—that is to say, they should, in general, be confined to basic items of foodstuffs, clothing, footwear, etc.

CHAPTER IX

THE ECONOMIC STABILIZATION CONFERENCE, 1940

FOLLOWING UPON THE GENERAL ORDER BEING MADE BY THE COURT of Arbitration, the Prime Minister announced on the 26th August, 1940, that a conference of considerable importance to all sections of the community would be held within a few days to consider the possibility of stabilizing costs, wages and prices in New Zealand. Accordingly, a conference representative of the Government and of most sections of trade and industry in the Dominion was convened by the Government on the 4th September, 1940. There were 44 delegates present, representing employers and employees, together with banking representatives. The nature of the task and the scope of the inquiries of the conference were defined by the Prime Minister as follows:—

"To survey the general economic position of the country under war conditions in order to consider the possibility of stabilizing costs, prices and wages and to discuss expanding production so that the strain of war expenditure may be successfully borne and that the standard of living be maintained as far as possible."

After the first day's discussion, the conference set up a working committee with equal representation of both employers and employees. This committee was instructed to examine the facts of the economic situation and thereafter to bring down draft recommendations. These recommendations, drawn up after taking evidence and after discussions extending over five weeks, were unanimously agreed upon and were submitted to the conference on the 17th October and adopted without change. Recommendation No. 6 relating to the stabilization of prices is of particular interest and is quoted below :—

"The conference is agreed that it is not possible to stabilize money wages unless essential commodities are available at prices fixed for the same period as money wages. It, therefore, recommends that in addition to wages, salaries and rents the prices of the following categories of essential commodities and services be stabilized :—

essential foodstuffs :

essential standard articles of clothing, footwear and household necessities :

public services, fuel and light.

In making this recommendation the members of the conference are fully aware that it is not practicable to stabilize the prices of commodities or raw materials imported from overseas. The conference, moreover, agrees that in certain circumstances such as short supply or increased prices the consumption of some imported goods may have to be reduced by all, or other commodities used instead.

The conference strongly recommends that every effort be made to ensure that the goods value of the £ will remain constant, as otherwise all attempts at stabilization must fail."

Other recommendations dealt with ways and means of tightening up price control, with the standardisation of a range of essential commodities to assist in the stabilization of prices and with the use of subsidies as a method of stabilization.

In regard to subsidies, the conference expressed the view that stabilization of prices by State subsidies was dangerous and should be resorted to only when these cannot be avoided and then only under stringent control.

Most of the recommendations for the more effective control of prices have since been implemented either wholly or in part.

CHAPTER X

STABILIZATION POLICY

ON THE 22ND AUGUST, 1941, THE ACTING PRIME MINISTER announced that in accordance with the Government's policy of price stabilization and with the recommendations of the Economic Stabilization Conference the prices of 38 essential commodities comprising foodstuffs and New Zealand-made clothing and footwear, and including also the cost of tram fares, fuel and light, would be stabilized as from the 1st September, 1941. Wherever necessary the list would be extended and if circumstances warranted it steps would also be taken to stabilize prices at a lower level. The list of items selected for stabilization from the date mentioned is as follows :—

Foodstuffs : Meat, flour, milk, sugar, bacon, cheese, honey, bread, eggs, butter, coffee, condensed milk, tea, rolled oats, oatmeal, baking powder, salt.

New Zealand-made clothing and footwear : Men's, women's, boys' and girls' shoes (New Zealand leather in each case), men's all-wool underwear, women's woollen underwear, boys' all-wool underwear, boys' all-wool jerseys, girls' all-wool underwear, men's woollen socks, boys' school hose, woollen piece goods, knitting wools, blankets, suitings (from New Zealand wools), shoe repairs.

Public services, Fuel and light : Tram fares, electric light, gas, coal and coke.

In making the announcement, the Acting Prime Minister explained that a measure of stability had already been given to prices of some of these commodities and that further steps would be taken to complete stabilization. He stated, further, that the procedure which the Government would adopt in respect of

these goods and services would be to rely on the Price Tribunal as hitherto to examine applications made for increases in price consequent upon higher costs. Where the Tribunal considered that proved increases were such that the applicant should not be required to absorb them it would advise the Government. Decision would then be made as to the best manner in which the increased costs could be adjusted. The Acting Prime Minister stated that this action would undoubtedly involve subsidies in some cases, particularly as regards imported commodities, but before these were granted a thorough examination would be made to ensure all possible economies in cost. This might necessitate the fixing of standards or some further measure of organization in the trade concerned—possibly with the co-operation of the Government. Where necessary Price Orders would be issued to give effect to the stabilization of prices of the selected goods. In these cases it was essential that standards should be fixed and to facilitate this the necessary statutory authority would be proceeded with. The Acting Prime Minister concluded his statement by saying that the policy of the Government was to secure and maintain price stabilization for essential commodities and that wherever necessary the Government would take appropriate action to extend the list and, if circumstances warranted it, to stabilize the price at a lower level.

Following closely upon the statement concerning Government policy in respect of stabilization, a further announcement was made by the Prime Minister on the 25th September, 1941, to the effect that an Economic Stabilization Committee had been appointed to advise the Government on matters concerning prices and incomes. The Committee, which it was stated would commence to operate immediately, comprised two representatives of the Government, namely, the Minister of Finance and the Minister of Industries and Commerce, the Acting-Chairman of the Economic Stabilization Conference, and five others representative of employers and employees.

The appointment of this Committee did not affect the general policy of price control, this still being carried out by the Price Tribunal. Likewise, the procedure of making application for authority to increase prices was not altered in any way either in respect of stabilized lines or lines that had not been stabilized. The fact that certain lines had been placed on the list of price-stabilized commodities did not prevent traders from still making application to the Tribunal for some adjustment

and on receipt of such application the Tribunal still carried out its customary examination and investigation of all the facts. If the Tribunal was satisfied that an application should not be granted, then a decision to that effect was conveyed to the applicant but if the Tribunal was not so satisfied or if special reasons made it seem advisable to do so, then the matter was referred, through the Minister of Industries and Commerce, to the Economic Stabilization Committee.

With a view to the further implementing of the Government's policy of securing economic stabilization, and the devising of measures to that end, the Committee was reconstituted some months ago following upon a decision by the War Administration that stabilization was a desirable policy for New Zealand as a means of avoiding the evil effects of inflation. The new body comprised a working committee of six members under the chairmanship of the Minister of Industries and Commerce. In its work it was assisted, as previously, by a Secretariat comprising key officers of various Government Departments and the Price Tribunal dealing with the different branches of the problems coming under review.

On the 15th December, 1942, the Prime Minister announced the Government's decision to stabilize the whole internal economy of the Dominion by "pegging" prices, wages, salaries and rents. He stated that the list of stabilized commodities would be increased from 38 to 110 items and that the prices of these, taken as a whole, would remain stable. If there were any variations, then a rise in one would be set off by a fall in another. The range of commodities covered groceries, dairy products, meat, some fresh fruit and vegetables, fuel and lighting, clothing, footwear, drapery, furniture, and a large number of miscellaneous articles. Continuing his announcement, the Prime Minister stated that it would not be possible to keep the prices of commodities stable without at the same time fixing, within narrow limits, the price of labour, which is wages, and also the level of rents. Therefore, the Government proposed to stabilize both wages and rents. Stabilization would apply to all rates of remuneration, including time and piece wages and overtime allowances, fees, commissions, travelling expenses and Directors' fees. Not only wages and salaries, but all incomes would be stabilized by one means or another. The Prime Minister then referred to farm prices and farm costs. He said that the prices which the farmers received for all the main farm products would not be increased and that the major items of

farm costs would correspondingly be held. This meant, in fact, that internal prices would be divorced from export parity and that any excess would be paid into "pool" accounts. Similarly, in regard to farm costs, the cost of holding them would be debited to the appropriate accounts.

"The plan," stated the Prime Minister, "might be called a 'collective bargain' which the community is to make with itself. If the prices do not rise, then wages will not. If prices of essentials rise, then wages must rise also. The two are to be tied together. If, therefore, there is a marked fluctuation in prices after a period of three months, provision has been made to offset it. In general, what has been decided is that if the average prices of the whole group of essentials rise by more than 2½%, then the Arbitration Court will issue a general Order raising wages. After that, there will be no adjustment of wages, up or down, unless prices rise or fall by more than 5%. The farmer will be treated in the same way. In the event of a general Order affecting other forms of remuneration, the farmer also will receive an adjustment in his price."

On the same day as the Prime Minister announced the stabilization plan, regulations were issued for the purpose of giving effect to it. These were the Economic Stabilization Emergency Regulations, 1942, and the Control of Prices Emergency Regulations, 1939, Amendment No. 3. The general purpose of the first mentioned regulations is to promote the economic stability of New Zealand. Under the regulations, a Commission to be known as the "Economic Stabilization Commission" was established, the principal function of which is to make recommendations to the Minister, after enquiry and investigation, in relation to the economic stabilization of New Zealand. The personnel of the Commission comprises those persons who were previously members of the Economic Stabilization Committee. In terms of the regulations, a Director of Stabilization was also appointed. The Minister of Industries and Commerce is responsible for the general administration of the stabilization and price control regulations.

So far as the general policy and principles of price control are concerned, these still remain unaffected by the extension of the Government's plan of stabilization. The Price Tribunal is still the competent authority for the administration of the price control regulations, and the procedure of making application to it for permission to increase prices remains unaltered. In respect of the extended list of stabilized lines, a similar procedure

applies, in the event of applications being received, as previously applied to the 38 essential commodities stabilized as from the 1st September, 1941, matters affecting stabilization being referred by the Tribunal through the Minister of Industries and Commerce to the Economic Stabilization Commission. It should be noted that the commission is an advisory body to the Government, and not an administrative body.

CHAPTER XI

ECONOMIC STABILIZATION EMERGENCY REGULATIONS, 1942

(a) RENTS

THE STABILIZATION OF RENTS IS DEALT WITH BY PART III OF THE Economic Stabilization Emergency Regulations, 1942. Its provisions cover all property, land and buildings, other than dwelling-houses, which are already covered by the Fair Rents Act, 1936. The regulations provide that any increase in the basic rent of any property made since the 1st September, 1942, and irrespective of whether it was made before or after the commencement of the regulations, shall be irrecoverable notwithstanding anything to the contrary in any agreement.

For the purpose of the regulations, the expression "the basic rent" means :—

(a) With reference to any property let on the 1st September, 1942, the rent payable as on that date :

(b) With reference to any property that was not let on that date, the rent that was last payable before that date or, in the case of any property first let after that date, the rent first payable in respect thereof.

Provided that where pursuant to any agreement made before the 1st September, 1942, a greater or less rent is payable in respect of the property for any period after that date, the basic rent for any such period shall be the rent so payable for that period.

Either the landlord or the tenant may make application to the Court at any time for the determination of the fair rent of any property. If the fair rent so fixed is greater or less than

the rent payable under the tenancy, the landlord may, in the one case increase the rent to the fair rent and, in the other case, must reduce the rent to an amount not exceeding the fair rent.

It is an offence for any person to accept any fine, premium or other sum in addition to the rent in consideration of the grant, renewal, or continuance of a tenancy of any property.

Provision is made for the appointment of Rents Commissions for the purposes of the Fair Rents Act, 1936, and of Part III of the regulations.

(b) WAGES

The stabilization of wages and rates of remuneration generally is provided for by Part IV of the regulations. After defining the expression "the basic rate of remuneration," the regulations go on to state that in any case where such rate of remuneration exceeds the rate that was actually paid on the 15th November, 1942, the Court of Arbitration, on application made by or on behalf of the Director of Stabilization, may, in its discretion, make an Order reducing the basic rate to a rate not less than the rate so paid on the 15th November, 1942. A further clause provides that except as provided in the regulations, any increase in the basic rate of remuneration for any position or employment that is made after the commencement of the regulations shall, notwithstanding anything to the contrary in any agreement, be irrecoverable. Every person commits an offence who pays or accepts on account of the remuneration for any position or employment any sum that is irrecoverable by virtue of the regulations.

There is provision made, however, whereby the basic rate can be increased in certain cases. The person employed in any position or employment and his employer may at any time apply to a Conciliation Commissioner for his approval of a rate of remuneration for the position or employment in excess of the basic rate of remuneration on any of the following grounds :—

(a) That the person holding the position or employment is employed by the same employer in any additional position, employment, duties, or work involving additional risk to life or health :

(b) That an increase in the rate of remuneration is necessary for the removal of anomalies.

In regard to rates fixed by Awards, Industrial Agreements, and Apprenticeship Orders, it is provided that where, during the

present war, any Award, Industrial Agreement, or Apprenticeship Order is made, no variation shall be made in the minimum rates of remuneration or the principal conditions of employment applying to the industry or branch of industry as the case may be, except such adjustments of anomalies as the Court thinks fit or approves.

Furthermore, there is an interesting and important provision which relates to general Orders increasing or reducing rates of remuneration. As indicated by the Prime Minister in his announcement, wages and prices are closely linked. If prices of essentials rise, then rates of wages may rise too. The procedure whereby this will be accomplished is through the medium of a war-time price index, which the Minister of Industries and Commerce will, in terms of the regulations, cause to be prepared. This will record, as from the 15th December, 1942, any increases or reduction in the prices of such commodities and services (including rents) as the Minister directs.

The Government Statistician is required as soon as possible after the termination of the quarter ending on the 15th March, 1943, and as soon as possible after the end of each succeeding quarter, to publish in the *Gazette* and in such other manner as he thinks fit a statement of the war-time price index as at the end of the quarter, showing, in particular, the amount of any increase or reduction in the general level of prices as indicated by the war-time price index.

A general Order increasing or reducing rates of remuneration must be made by the Court of Arbitration whenever there is an increase or decrease of not less than 5 per cent in the general level of the prices included in the war-time price index, as shown in the last statement published by the Government Statistician before the date of the application for the general Order. The first general Order increasing rates of remuneration is, however, required to be made when there is an increase of not less than $2\frac{1}{2}$ per cent in the basic level of prices. This expression "the basic level of prices" means the general level of the prices included in the war-time price index as indicated by that index as at the 15th December, 1942. The amount of the increase or decrease provided for by any such general order is to be as nearly as possible equivalent to the amount of the increase or decrease in the general level of prices as shown in the last statement published by the Government Statistician.

CHAPTER XII

CONTROL OF PRICES EMERGENCY REGULATIONS, 1939, AMENDMENT No. 3

THE CONTROL OF PRICES EMERGENCY REGULATIONS 1939, AMENDMENT No. 3, were passed in order to provide for the more effective control of prices. They give the Price Tribunal additional powers, the principal of which are the power to issue "price-reduction Orders," and the power to prohibit the sale of declared classes of goods pending the fixation of prices. In regard to the first mentioned power, the Tribunal may, with the authority of the Minister make Orders for the reduction of the prices of any goods of the kinds or classes specified or referred to in any such Order. Such power is in addition to the authority to issue Price Orders conferred on the Tribunal by the Control of Prices Emergency Regulations, 1939. In regard to the second mentioned power, the Tribunal may prohibit absolutely or conditionally the sale of any goods by any specified person or by any person of a specified class, or by any person whomsoever unless the Tribunal has made a Price Order in respect of such goods or has approved a selling price or a maximum selling price therefor.

The amending regulations are of particular importance because of the special provisions which they contain as to "profiteering" and "black-marketing." They incorporate the profiteering provisions contained in the Board of Trade Act, 1919, in the Emergency regulations, and bring the law in relation to the prevention of profiteering into line with the war-time policy of price control. Every person commits an offence who, whether as principal or agent, and whether by himself or his agent, sells or agrees or offers to sell any goods at a price which is unreasonably high. The price of any goods shall be deemed to be unreasonably high if it produces, or is calculated to produce, more than a fair and reasonable rate of commercial profit to the person selling or supplying or offering to sell or supply, those goods, or to his principal. In determining whether the price of any goods is unreasonably high, no account shall be

taken of replacement cost. This provision in particular brings the law of profiteering into line with the war-time policy of price control because that policy has not permitted the allowance of replacement cost in the prices of any commodities. Under the old law as contained in the Board of Trade Act, 1919, replacement cost could be successfully pleaded as a defence in any proceedings on a charge of profiteering.

Shortage of certain goods has tended to encourage what are termed "black-markets," these in some cases involving collusion on the part of both buyer and seller in the commission of an offence against the Price Control Regulations. This tendency has been particularly apparent in the field of wholesale trading where an undue multiplicity of wholesale transactions, some of them at unauthorized prices, has in certain cases tended to force the price of a commodity up to an excessive level. There has also been a tendency for itinerant traders to go through the country with the object of buying up goods at retail prices and even at prices in excess of those and subsequently selling them either to a wholesaler or to another retailer for the purpose of resale to the public. Here again, the result is to force prices to the public up to unduly high levels. The purpose of the "black-marketing" regulation is to prevent these practices.

The "black-marketing" clause provides that any person commits an offence who sells any goods for purposes of resale to any person other than a retailer for purposes of retail sale or a manufacturer for the purposes of his business :—

(a) Unless the wholesale price has been fixed by a Price Order, and the price charged by the seller is in conformity with the terms of that Order ; or

(b) Unless the wholesale price has been fixed with the general approval of the Tribunal, or has been fixed with the special approval of the Tribunal given to the vendor or the purchaser, and the price charged by the seller is in conformity with the approval of the Tribunal.

Heavy penalties are provided for offences against the "profiteering" and "black-marketing" clauses. These are, in the case of an individual, a fine not less than £50 and not more than £1,000 or imprisonment for a term not exceeding six months, or both such fine and imprisonment, and in the case of a company or other corporation, a fine not less than £250 and not more than £5,000. In addition, there is provision for forfeiture of any excess over the authorized prices.

Another clause relates to the application of the principal regulations and the Price Stabilization Emergency Regulations, 1939, to hire purchase agreements. It is provided that the disposition of any goods by this method of sale is deemed to be a sale from the vendor to the purchaser on the date on which possession of the goods is delivered to the purchaser.

A further important clause is that which renders it an offence for a person to agree or offer to sell at a price in excess of the maximum price at which he could lawfully sell those goods. Previously, an actual sale at an unauthorized price had to take place before an offence was committed. The publication or exhibition of a price-list or the furnishing of a quotation, or the exposure of any goods with a specification or an indication of the price thereof attached thereto or displayed in the vicinity thereof or in connection therewith is deemed to constitute an offer to sell those goods at the price so specified or indicated.

Since the issue of the amending regulations the Price Tribunal has issued a notice covering certain classes of goods declared to be subject to Clause 9 of the regulations. This particular clause is that which relates to the power, previously referred to, which has been conferred on the Tribunal to prohibit the sale of declared classes of goods pending the fixation of prices. The classes of goods covered by the notice are as follows :—

1. Garments of any of the following kinds or classes made wholly or partially from materials containing New Zealand wool, namely :—

   Underwear, pull-overs, cardigans, slip-ons, jerseys, overcoats, men's and boys' two and three-piece suits, sports coats, trousers, shorts, shirts, women's skirts, girls' gym. frocks.
2. Textile piece-goods wholly or partially manufactured from New Zealand wool.
3. Footwear.
4. Boys' School Caps.
5. Hosiery.
6. Gloves.
7. Knitting Wools.
8. Blankets.
9. Mattresses and Pillows.
10. Household furniture manufactured wholly or partially from rimu.

In issuing the notice (Declared Goods (Control of Prices), Notice, 1943, No. 1) under date of the 24th February, 1943, the Tribunal intimated that the notice did not operate as a prohibition of the sale of any goods, but was only a preliminary declaration specifying the several classes of goods with respect to which the Tribunal has authority to prohibit sales under the clause referred to above. It was furthermore intimated that it was not the intention of the Tribunal to exercise its powers of prohibition (except in the event of special circumstances) for at least four weeks after the publication of the notice in the *Gazette* (1st March, 1943). At any time after the expiration of four weeks from that date the Tribunal might proceed to prohibit the sale of any such goods otherwise than at prices fixed or approved by it. Applications for approval of prices were not required from retail traders for goods held by them prior to 15th December, 1942.

CHAPTER XIII

EFFECTS OF STABILIZATION

SO FAR PRICE STABILIZATION AS DISTINCT FROM PRICE CONTROL HAS been applied only to a relatively small number of selected lines that enter largely into the cost of living, the prices of such lines having been frozen for each trader firstly as at 1st September, 1941, and again in respect of an additional list of commodities as at 15th December, 1942, the intention being that no increases whatsoever be permitted in the prices of such lines. This list may be extended still further by the Government from time to time to cover a wider regimen of stabilized articles.

In respect of the commodities stabilized at the 1st September, 1941, the Price Tribunal has strictly interpreted stabilization as applying to the prices charged by each trader on that date. This has resulted in the continuation of varying prices in different localities and even in the same locality, and in some cases it has resulted in the maintenance of certain anomalies that have subsequently been found to exist. The Tribunal has so far taken the view that if the creation of uniform prices either generally throughout the Dominion or in a particular locality, or if the removal of existing anomalies would result in the price

of a particular commodity being increased to a substantial section of the public then such action would amount to a departure from the policy of stabilization. In some cases this has resulted in difficulty in dealing with applications for relief, especially where pressure has been exerted by producers for price increases. In such cases the efforts of the Tribunal have been directed to granting the producers only such increase in prices as could be accorded without bringing about an increase in the price of the stabilized article to the public. In such cases this has been accomplished mainly by requiring wholesalers or distributors to absorb the increases, this procedure being adopted more especially in instances where savings in costs have accrued to such wholesalers or distributors as a result of zoning of deliveries or otherwise. In general it may be said that the policy has been to fix a Dominion "ceiling" wherever practicable, failing that a regional "ceiling," and failing that again an individual "ceiling," the decision as to which type of ceiling should be implemented in any particular case depending on all the circumstances. Some relief from the more rigid interpretation and application of stabilization may be required in the future to meet cases where anomalies are proved to exist, providing that such relief does not involve a departure from the relative Dominion or regional ceiling as the case may be which, in the circumstances, might be adopted as the basis for stabilization.

Stabilization has inevitably meant an increasing resort to the use of subsidies, and of the lines listed as being subject to the policy of stabilization the following are subsidized in one form or another :—

Sugar, Flour, Bread, Tea, Rolled Oats, Oatmeal, Salt used for household purposes, and Coal.

Sugar, Rolled Oats, Oatmeal, Salt used for household purposes, and Coal, have been directly subsidized to cover increases in costs. Flour and Bread are closely related to wheat in a comprehensive scheme for the stabilization and rationalization of the wheat growing, flour milling, and bread baking industries, such scheme having been implemented by the present Government as long ago as February, 1936. This scheme involves payment of subsidy to the three industries.

In respect of tea, a different procedure was evolved following upon the prices of this commodity being stabilized as at the 1st September, 1941. Prices were "pegged" on the basis of

costs ruling at that date, and debits or credits are placed to a "pool" according to whether importing costs are above or below the basic level.

Whether the burden of increased costs is reflected in higher prices or subsidies eventually it falls upon the people. The difference is that higher prices are borne by those who consume the goods, while subsidies spread the increased costs over the economic system as a whole, and in war time it may be argued with reason that it is more desirable to place part or all of certain war time costs upon the whole community rather than upon the people directly affected.

Where prices frozen are, or later become, out of line with costs, and where relief either by way of subsidy or otherwise cannot be had, unprofitable items tend to disappear from merchants' shelves. In other words, stabilization, in the absence of full control over all the items that enter into the costs of the stabilized lines tends to cause the manufacturers or the traders concerned to switch to non-stabilized lines. This may happen, even where the costs of the particular article are fully covered but where the profit obtained on such article is smaller relatively to that obtained on non-stabilized lines. Stabilization, therefore, brings with it the need for production control and for production priorities. It also brings with it the need for the rationing of goods especially where such are in short supply.

Stabilization, to be fully effective, must either be accompanied by a comprehensive subsidy plan in terms of which subsidies will be paid where the "squeeze" of the price ceilings or future cost increases are insupportable, or it must cover all those items that enter into the costs of production, distribution and sale of the stabilized articles. The reason for this is that prices of non-stabilized lines may continue to rise, since increases in the prices of such lines may be authorized on the basis of increases in costs, and if so, the rises may exert pressure upon the stabilized prices. In other words one man's prices are another man's costs. It is essential, therefore, that as many of those costs as possible that occur within New Zealand, and which accordingly are within the scope of control should be stabilized. For example, increases in wages, salaries, rents, and other items that enter into costs, sooner or later develop pressure upon the stabilized prices, and since increases in prices to the public cannot be permitted, have to be met either by savings in costs in other directions, or by requiring some section of trade or industry to absorb them, or by subsidy.

Similarly in regard to prices, the number of exceptions to the general stabilization or freezing order should be held at the lowest practical minimum, always bearing in mind, of course, the difficulties peculiar to New Zealand by reason of her dependence on overseas for a substantial part of her requirements. It is a fact that many classes of primary producers are now receiving prices for their products higher than those which they were receiving prior to the war, such increases being granted to cover increases in costs. In this respect they are no different from other classes of producers, and from traders and others who have been similarly recompensed for increases in costs. Under stabilization, however, there can be no special plea permitted for the exemption of farm prices, or prices of any other products, which enter largely into the cost of living, or which enter into the costs and consequently the prices of lines which have been selected for stabilization.

Neither prices on the one hand nor wages and other cost factors on the other, can be controlled and stabilized effectively piecemeal and in accordance with different principles. The principles of stabilization should apply to all prices, wages, salaries, other forms of income, and costs wherever it is practicable to apply them, and where if they are not so applied they will exert influence on the prices of stabilized lines. In any case the acceptance by employers and employees and by the public generally is more likely to be wholehearted when all are treated according to a uniform principle.

Yet a further aspect of the effects of stabilization may perhaps be mentioned and that is the effect on inflation. Price control and price stabilization are factors that operate against inflationary tendencies. The vicious circle of rising costs and prices is prevented or at any rate retarded. Even so, however, further steps beyond price and wage control are necessary in order to achieve stabilization, for stabilization cannot be fully effective if other factors tending to produce inflation are not so controlled.

This position is brought about by the fact of the people's purchasing power being high, but the quantity of goods and services available for the civilian population being in many directions substantially diminished by reason of the circumstances of war. It would hardly be sufficient, therefore, to stabilize prices and wages at present levels without steps to absorb some of the buying power that is now flowing from these

wages. Thus a further requirement to bring about effective stabilization is that as the supply of goods for civilian use diminishes more of the buying power which has forced costs and prices up should be diverted from the markets. This applies equally where subsidies are paid, since they put added purchasing power in the hands of the people who receive them and thus add to the inflationary forces which price stabilization is designed to control. Taxation and similar measures are, therefore, necessary to reduce the demand for goods at the place where the demand is effective.

CHAPTER XIV

SPECIAL PROBLEMS AFFECTING FARM PRODUCTS

A GOOD DEAL OF PUBLIC CRITICISM HAS, FROM TIME TO TIME, BEEN directed against the prices obtaining for certain classes of farm products, more especially fresh fruit and vegetables. For that reason, it may, perhaps, be desirable to consider briefly some of the special problems affecting this class of products.

Probably the greatest single factor affecting the prices of farm products, particularly those which are customarily sold by auction, is the volume of production. Supply and demand have, in the absence of price control, or in circumstances where control is necessarily limited, special significance in respect of such classes of commodities, more particularly again when they are of a perishable or semi-perishable nature. Unfortunately, the volume of production of certain classes of farm products, especially some kinds of fruit and vegetables is always liable to be seriously affected by seasonal and climatic conditions outside the bounds of control. For this reason, the marketing of fruit and vegetables is, unless positive action can be taken to prevent such occurrences, frequently marked by periods of scarcity when prices are abnormally high, and again by periods of glut when prices are abnormally low. In the one case, the public are unduly penalised, and in the other case the producer suffers. In neither case is the public interest served in the long run.

Despite the susceptibility of the volume of production to the vagaries of seasonal conditions it does, however, appear to be possible to control production within limits, and to the extent to which it is so controlled so will the effects of alternating periods of scarcity and glut with consequent effect on prices be lessened. The planting of a sufficient acreage to ensure that with normal seasonal conditions there will be a sufficiency of the various classes of fruit and vegetables to meet requirements is the first step towards ensuring that when the crops are produced and marketed they will not bring unreasonably high prices. Planned production, such as is now being undertaken by the Government, in other words is an effective instrument of price control, especially if it is accompanied by measures, such as the full use of the process of dehydrating, to make use of any surplus of any particular crop that may be produced as a result of very favourable seasonal conditions or of any other unforeseen circumstances or conditions.

In general, the same principles of price control have applied to farm products as to other classes of commodities, namely, the maintenance of prices ruling on the basic date prescribed by the Price Stabilization Emergency Regulations, 1939, subject to such increases as may be approved by the Price Tribunal to cover increases in costs that have occurred since that date and which are directly attributable to the war, and which, furthermore, could not, in the opinion of the Tribunal, have been absorbed by the person concerned. In practice, however, these principles are more difficult of application than is the case with most other classes of commodities.

In the case of farm products, it is, for instance, more difficult to determine costs of production and cost increases than it is with many other classes of commodities, such as manufactured goods or goods that have been imported from overseas. This is due to several factors of which may be mentioned, the vagaries of climatic conditions and their effects on the volume of production, with consequent repercussions on costs, wide differences in the standard of efficiency of producers, with resulting variations in costs, and the difficulty of allocating the various items of farm costs to any unit of farm production especially in the case of a mixed farm where the time, labour and capital of the farmer is spread over a range of operations. Also it is more difficult in the case of commodities such as fruit and vegetables to determine a basis for price control because of the greater lack of uniformity in prices pertaining at any given time between

one locality and another, and because of the more frequent fluctuations in prices in any locality, these occurring in many cases from day to day and even throughout a particular day. Such basis can only be determined after the making of comprehensive surveys. These and other factors render particularly difficult the fixation of uniform farm prices, especially where, in the public interest, it is considered desirable to achieve such uniformity not only in a particular district but also generally throughout the Dominion.

In fixing the prices of farm products, one of several methods may be employed. Firstly, prices and margins of profit may be fixed through every stage from the producer to the public. This appears to be the ideal method. Secondly, the prices at which the producer and retailer sell may alone be fixed, leaving the prices at which intermediaries sell and the margins of profit which they can earn to be fixed by bargaining or by competition. Thirdly, the retail prices only may be fixed, on the theory that this will suffice to control, within limits, the prices of the producers and the prices and margins of any intermediaries between the producers and the public.

The latter method has the disadvantage that while the price to the public is maintained, either the producers or one or other of the intermediaries may be "squeezed" by another section. This possibility applies particularly in circumstances of short supply where goods are sold by auction and where competition may induce, say, a retailer to pay such a price for a commodity as will not enable him to sell to the public at the fixed price and at the same time earn a reasonable margin of profit. Despite this disadvantage, this method may, nevertheless, be the only practicable one at the time and may be adequate to meet the particular circumstances.

Wherever possible, the Price Tribunal endeavours, in its control of the prices of farm products, to fix prices right through from the producer to the public, but for the reasons mentioned and others this principle has not always been possible of achievement. In such circumstances, as a first and immediate step towards control, the Tribunal has adopted one of the other two methods mentioned. In general, the prices fixed are maxima but departure from the general rule may involve either a fixed or a minimum price for the producer.

More than ordinary difficulty has been experienced in fixing the prices of perishable commodities, whether they be sold by

way of auction or otherwise. Perishable commodities have to be disposed of quickly or they may not be sold at all. They are, in consequence, more liable to frequent and wide fluctuations in prices than other more stable commodities. The problem, in such circumstances, of fixing a price that is on the one hand fair to the producer or other vendor of the goods, in that it will compensate him not only for the cost of the goods but also for any possible loss from rapid deterioration and on the other hand fair to the public, is more complex.

Similarly, the problem of reconciling the interests of producer and public respectively in respect of out-of-season commodities such as early strawberries or potatoes is also fraught with difficulty since who can say with any degree of accuracy what is the cost of producing that portion of a farmer's crop which is so produced only because of the expectation by the farmer that he will be amply rewarded by high prices for the risks attendant upon early or out-of-season production and for the higher costs involved.

Special difficulty has been experienced by the Tribunal too in controlling the prices of certain goods sold by way of auction. Legally, the prices of goods sold by this method are subject to control under the Price Stabilization Emergency Regulations, 1939, just the same as goods sold by any other method. Such difficulty has pertained, particularly with regard to live stock, and farm produce, such as fruit and vegetables, and other primary products such as fish.

Without entering upon a discussion of the merits and demerits of the auction system, it may, at least, be said that the operation of such system renders particularly difficult the application of the principles of war-time price control to commodities of the classes referred to. It may, in fact, be said that the auction system is very largely inconsistent with such principles since the method of bidding can only be applied within the limits imposed by the fixation of maximum prices. The limitations of the auction system are particularly obvious in periods of short supply when the maximum prices fixed also tend to become the minimum.

A further difficulty occurs in respect of goods which are in short supply. Normally, under the auction system, goods are sold to the highest bidder, but this method cannot be adopted when there are a number of bidders at the maximum price legally fixed for the particular commodities. In such circumstances, rationing or some other method of allocating the

available supply of goods to the different buyers has to be adopted if the auction system is to operate equitably.

Yet a further problem associated with the control of prices of farm produce, especially fruit and vegetables, is the difficulty, and, in fact, the virtual impossibility, of securing fully effective control in the absence of defined grades or standards of quality. Ceiling prices may be fixed, but full protection to the public is not given unless such prices are fixed in relation to quality. Without standards, limited control only is achieved and opportunity for exploitation of the public is present. The sale of a poor quality article at a price fixed on the basis of the article being first grade is just as much an evasion of the price control regulations as is the charging of a higher price than that which has been authorized.

Despite the foregoing difficulties, the Government and the Tribunal have taken effective measures to control the prices of a substantial number of lines of fruit and vegetables and the range of such lines is being steadily extended.

CHAPTER XV

STABILIZATION OF PARTICULAR COMMODITIES

(a) Wheat, flour and bread; (b) meat; (c) butter; (d) cheese; (e) eggs; (f) honey; (g) milk; (h) sugar; (i) tea; (j) potatoes; (k) onions; (l) fresh vegetables; (m) apples; (n) apricots; (o) bananas; (p) woollen goods; (q) footwear; (r) coal; (s) gas and electric light.

EXPERIENCE HAS SHOWN THAT THE MOST EFFECTIVE MEANS OF effecting stability and uniformity in respect of the price of any particular commodity is by the issue of Price Orders, and the Price Tribunal has issued a considerable number of these, a full list of those issued being contained in Appendix B. This, of course, is not the only means of accomplishing these objectives, but the issue of Price Orders has certain advantages inasmuch as that they are published, that they are available both to traders and to the public, that they are required to be displayed by traders (this will be dealt with a little later on), that they become more widely known, and that for these and other reasons they can be more easily policed and their observance more readily enforced. Price Orders are issued whenever

possible, but it is not always practicable or desirable to issue them.

Some of the more important commodities and classes of commodities the prices of which have been either wholly or partially stabilized, and the measures taken to achieve such are dealt with in this section. It should be noted that stabilization of lines that are seasonal in character has not denied to the producer normal variations in prices that are due to seasonal influences. Such variations have occurred, and under war-time control have been permitted to continue to occur, with respect to such commodities as meat and milk. Such variations must, however, in general be no more than in line with normal pre-war variations.

(a) *Wheat, flour and bread*: In February, 1936, a scheme for the stabilization and rationalization of the wheat growing, flour milling and bread baking industries was implemented by the present Government. This scheme has been continued and developed so that when war broke out the basis for a war-time policy of stabilization with respect to these industries was already in existence. All three industries are closely related in the scheme, the basis being the payment of a fixed price for wheat of Tuscan variety for March delivery, the fixation of a standard wholesale price for flour, based on the price of wheat, and the fixation of a standard price for bread based on the price of flour. The basic regulations under which the general scheme is now administered are the Board of Trade (Wheat and Flour) Regulations, 1938.

Regulations fixing the price of bread were passed on the 12th February, 1936, but on the 26th August, 1936, these were revoked and new regulations took their place. These regulations, entitled the Board of Trade (Bread-price) Regulations are still in force. They fix the retail cash-over-counter price of bread in the four main centres and in the other localities specified in the schedule at 11d. per 4 lb. loaf, and 5½d. per 2 lb. loaf, and the wholesale price at 10d. per 4 lb. loaf and 5d. per 2 lb. loaf. In all other localities in the Dominion the price was fixed at 1s. per 4 lb. loaf and 6d. per 2 lb. loaf for sale by retail for cash-over-counter at stores, and at 11d. per 4 lb. loaf and 5½d. per 2 lb. loaf for sale by wholesale. Where on the coming into force of the Regulations the prices of bread were higher than those just specified, then such prices were to remain at such higher levels unless varied by the Minister of Industries and Commerce. The price for bread sold retail and delivered to

the purchaser was fixed at a minimum of 1d. per 4 lb. loaf and ½d. per 2 lb. loaf above the price fixed for sale by retail cash-over-counter in such locality. So far as the minimum charge of 1d. per 4 lb. loaf for delivery is concerned, which is fixed in terms of the Regulations, the charge made by each baker on the 1st September, 1939, has now become a maximum by virtue of the provisions of the Price Stabilization Emergency Regulations, 1939.

Even prior to the war, wheat was subject to subsidy, and maintenance of the basic pre-war price of 5s. 9d. per bushel during the first three years of war, has necessitated continuance of this subsidy. The amount of such subsidy will be increased in respect of the 1942-43 season following upon the fixation by the Government of the basic price for this season's wheat at 6s. 2d. per bushel, of which ½d. per bushel is to be placed in a Reserve Fund for the payment of compensation to growers who experience loss through frost, hail, flood or fire. Through the the medium of this subsidy together, in the case of bread, with an adjustment in the flour price based on a sliding scale of 14s. to 18s. per ton of flour according to the weekly output of bread, and in the case of flour with a subsidy to millers to cover an increase in the cost of small flour bags, the price of flour and bread have been kept stable at their pre-war levels.

It will be seen from the foregoing that up to the present stabilization of the prices of wheat, flour and bread during the war period has been very effective. There has, however, been one weakness insofar as bread is concerned, and that is due to the fact that there are no officially defined standards for bread, for besides the so-called "standard" 2 lb. and 4 lb. loaves sold at prices fixed under the Board of Trade (Bread-price) Regulations there are also what are termed "fancy" loaves of varying weights and descriptions, the prices of which are, in terms of the Price Stabilization Emergency Regulations, 1939, fixed at the levels ruling on the 1st September, 1939, but over which there has been little or no control in respect of quality and weight. This is serious from the public's point of view because the effect on the consumer of an alteration in the quality may be just the same as if there had been a direct increase in price. Equally serious from the consumer's point of view is any possibility of a reduction in weight of the article. Stabilization will be made more effective by the determination of standards of quality and by the adoption of standard weights for all classes

of bread. This matter is being proceeded with by the New Zealand Standards Institute at the present time.

On the 1st March, 1943, it was announced by the Minister of Supply that an emergency standard specification covering the weights, composition and shape of bread would come into operation as from the 1st April, 1943 (later extended to 3rd May, 1943), under an Order entitled the Bread-making Industry Control Order, 1943. This specification was prepared by a fully representative committee of the New Zealand Standards Institute in order to effect conservation in man-power and oven space and to concentrate production on a simplified range of loaf shapes. The specification includes requirements relating to the quality and basic constituents of the various classes of bread. The Specification and the Control Order will afford protection to the public against the selling of short weight bread, and safeguards in respect of quality, without both of which control of prices of bread cannot be fully effective.

(b) *Meat* : When the Price Stabilization Emergency Regulations came into force at the outbreak of war, the price of meat was " pegged " at the price charged by each individual retailer on the 1st September, 1939. Later special authorizations were granted by the Price Tribunal permitting butchers to increase prices by amounts up to 1½d. per lb. during the late winter and spring months to reimburse the higher costs incurred in connection with winter fattening of stock. This was done by Price Orders issued by the Tribunal in 1940 and again in 1941.

Based on experience of the operation of the Orders issued in 1940, an Order (No. 42), having general application throughout the Dominion, issued under date 22nd July, 1941, was made much more comprehensive and detailed and provided the basis of a scheme for the stabilization of meat prices subject only to normal seasonal adjustments during late winter and spring, and varying as between the North and South Islands in accordance with variations in pastoral and other conditions. All the prices in the Price Order were framed on the basis of prime quality ox and heifer beef, wether, maiden ewe and hogget mutton, pork, lamb, and veal, and the Order provided that meat of any lower quality, as for example cow beef and ewe mutton, must be sold at prices at least 20 per cent lower. In all cases the customary service by way of cutting, trimming, wrapping, etc., was required to be supplied without extra charge, but butchers were authorized to increase their prices by 1d. per lb. for delivery and/or credit.

The issue of this Order definitely placed the consuming public in a better position than it was in before because the housewife knew the maximum price she could be called upon to pay for a particular class of meat at any shop, whereas before she did not, because although prices were " pegged " at the level ruling on the 1st September, 1939,—subject to any authorized seasonal advance—these prices varied from shop to shop without any general overall maximum.

A further Order (No. 98), was issued by the Tribunal on the 5th August, 1942, the purpose of this order being to remove certain anomalies and to make certain adjustments which experience had shown to exist in the first mentioned Order, the basic principles of the earlier Order still being retained.

The action taken by the Price Tribunal in issuing these Orders represents a big step towards the stabilization of meat prices. Further and complete stabilization can only be effected by the establishment of defined grades, and proposals by the New Zealand Standards Institute to this end are now in hand. When different grades are defined it will be possible for the Price Tribunal to fix maximum prices, joint by joint, for each grade of meat instead, as at present, of having defined prices fixed for prime quality only, subject to the proviso that meat of any lower quality must be sold at a price lower by at least 20 per cent than that charged for prime quality meat.

(c) *Butter*: Stabilization of the retail price of butter was effected by the Government by means of a Price Order (No. 46), issued by the Price Tribunal on the 20th August, 1941. The Order fixed the maximum retail price of creamery butter of a standard quality not lower than first grade at 1s. 6d. per lb. and of whey butter at 1s. 5d. per lb. in every case where delivery of such butter to the retailer by way of wholesale is available from any source whatsoever free of all freight charges. In cases where delivery of the butter to the retailer is not available on a freight paid basis, then the prices of 1s. 6d. for creamery butter (of a standard quality not lower than first grade) and 1s. 5d. for whey butter may be increased by the actual or proportionate amount (calculated to the next highest halfpenny) of the freight charges incurred up to but not exceeding the charges that would have been incurred by the retailer if such butter had been obtained by way of wholesale by the retailer at the place from which such freight charges on such butter would have been the lowest.

Prior to the issue of this Order, prices charged were, in many cases, in excess of the figures mentioned, this variation occurring

by reason of the fact that higher prices were being charged at different points throughout the Dominion on the 1st September, 1939, the basic date under the Price Stabilization Emergency Regulations, 1939, and that in such cases they could be legitimately continued until such time as stabilization and uniformity were brought about by the issue of the Price Order.

On the 24th September, 1941, a further Price Order was issued having force from the 1st October, 1941, and reducing the basic maximum retail price of whey butter from 1s. 5d. to 1s. 3d. per lb., but the latter price was increased again to 1s. 5d. by yet a further Price Order (No. 101), dated 25th August, 1942, which came into force from the 28th August, 1942. The maximum retail price of creamery butter, namely 1s. 6d. per lb., remained the same under the new Order, with provision for this amount to be increased to the extent of freight charges in cases where a wholesale supply of such butter is not available free of freight charges to the retailer.

(d) *Cheese*: In general, the price of cheese for domestic consumption within New Zealand is governed by the Government's guaranteed price for export cheese, and this having been maintained during the war period, local prices of cheese have been maintained in terms of the Price Stabilization Emergency Regulations, 1939, at pre-war levels.

As a further step towards the stabilization of prices a Price Order (No. 114) was issued by the Price Tribunal under date of the 21st October, 1942, with respect to Cheddar cheese that is sold by a wholesaler or retailer within four months after the date of its manufacture, or, in other words, mild cheese as distinct from matured or "tasty" cheese. The Order fixed the maximum wholesale and retail prices of such cheese. In the case of cheese sold by a retailer to whom supplies of Cheddar cheese are available free of freight charges for delivery at his store the maximum retail price fixed was 1s. per lb. In cases where such free delivery was not obtainable it was provided in the Order that the maximum price should not exceed 1s. per lb. increased to the nearest upward halfpenny by a proportionate part of the freight charges incurred by the retailer in obtaining delivery at his store, or in cases where a retailer obtained his supplies of cheese from a source of supply that was not the nearest or most convenient of access to the retailer's store, by a proportionate part of the freight charges that would have been incurred by the retailer if the cheese had been obtained from the source of supply nearest or most convenient of access to his

store, and if delivery had been effected by a common carrier at current rates.

(e) *Eggs* : In its control of egg prices, the Price Tribunal has collaborated closely with the Internal Marketing Division of the Marketing Department. Its procedure has been to allow only those adjustments in wholesale prices to take place that arise from normal seasonal influences, the objective of such procedure being to ensure that the producer receives approximately the same as he did for the 1939/1940 season. In other words, the Tribunal has, as far as possible and with a reasonable degree of flexibility, to provide for different seasonal conditions, allowed egg prices to follow their normal seasonal trend, authorizing customary increases at approximately the same periods as pre-war until prices reach their peak from about the 21st April to the 4th June and ensuring customary reductions at approximately the same periods as pre-war until prices reach their lowest in the flush of the season from about the 18th August to the 11th November.

A further step was taken by the Tribunal in the direction of stabilization by the issue of a Price Order on the 30th June, 1941, fixing maximum retail selling prices and margins of profit. Prior to this individual retailers had been permitted, in terms of the Price Stabilization Emergency Regulations, 1939, to operate on the same profit margins as they worked to on the 1st September, 1939. These margins varied considerably and in some instances were unduly high.

The Order provided that the maximum prices at which eggs could be sold by way of sale by retail at any place in New Zealand should be not more than as follows :—

	Maximum retail selling price :
Where the retailer's net cost into store is less than 1s. 6½d. per dozen	Net cost, plus 2d. per dozen.
Where the retailer's net cost into store is not less than 1s. 6½d. and not more than 1s. 11½d. per dozen	Net cost, plus 2½d. per dozen.
Where the retailer's net cost into store is not less than 2s. and not more than 2s. 4d. per dozen	Net cost, plus 3d. per dozen.
Where the retailer's net cost into store is 2s. 4½d. per dozen or more	Net cost, plus 3½d. per dozen.

This Order was later superseded by another and more comprehensive Order issued on the 10th June, 1942, fixing maximum wholesale and retail prices for eggs of various grades in different egg marketing areas throughout New Zealand. Later on, however, with prices receding in accordance with the normal seasonal trend following upon increased supplies of eggs becoming available, and with the application of the Tribunal's customary procedure with respect to adjustments in egg prices, the latter Order was revoked and the previous one fixing maximum retail prices and margins of profit was reissued. The latest Order issued (No. 118), is dated 24th November, 1942.*

In one respect there has been a departure from the price policy outlined. By an arrangement between the Government and the New Zealand Poultry Board the producers were granted an additional 2d. per dozen to operate during the four "flush" months, September to December, 1942, inclusive. After that period only the normal seasonal increases apply.

(f) *Honey*: On the 18th January, 1943, the Price Tribunal issued a Price Order (No. 121), fixing maximum prices at which producers, packers, wholesalers, and retailers can sell honey. The maximum retail prices so fixed are as under:—

Size and kind of container.	*Maximum price.* s.	d.	
1 lb. glass jars	1	5	per jar.
1 lb. cartons	1	2	per carton.
1 lb. tins	1	2½	per tin.
2 lb. cartons	2	3	per carton.
2 lb. tins	2	4	per tin
5 lb. tins	5	8	per tin.
10 lb. tins	11	0	per tin.

For honey sold otherwise than in retail containers the maximum prices are as follows:—

	s.	d.	
For honey, cut and wrapped	1	0	per lb.
For other honey		10½	per lb.

The maximum prices fixed as above are in respect of supplies of honey available to the retailer free of freight charges for delivery at his store from any source whatsoever. Where supplies are delivered to a retailer otherwise than free of freight charges then the retailer may add to the above prices a proportionate

*Since going to print a further Price Order (No. 128, dated 10th March, 1943), has been issued. Retailers' margins remain unaltered.

part of the freight charges incurred by him in obtaining delivery. In no case, however, is the maximum price fixed as above to be increased by more than ½d. per lb.

(g) *Milk* : As with eggs, so also with milk, consumer prices throughout the war period have not been allowed by the Price Tribunal to rise above the prices ruling in different localities throughout New Zealand on the 1st September, 1939. Stabilization has, therefore, been effective subject only to the qualification that normal seasonal adjustments have been permitted. That is to say, where in any locality prior to the war it was customary for prices to vary as between summer and winter, a higher price being charged in winter to compensate for higher costs, then authority has been granted for the continuation of such seasonal differentials. The objective again has been to protect the public while at the same time to ensure as far as possible that the producer obtains the same overall price as he obtained in the season prior to the war. In a few instances increased prices have been granted by the Tribunal to the producers in a particular locality, following upon application being made to it, but such increases have been awarded without bringing about any increase in the price to the public.

There is, however, one exception to the foregoing, and that is in the case of milk prices in the city of Auckland. This resulted from a decision of the Court to the effect that the Tribunal had no jurisdiction owing to the fact that there was already in existence a competent authority in Auckland especially appointed by Act of Parliament to control the supply, distribution and prices of milk in that city. With the sanction of such authority the price has been raised in Auckland following upon such decision. The legal position in this connection is under consideration at the present time.

One other phase in regard to the stabilization of milk prices can perhaps be mentioned. On the 23rd February, 1943, the Price Tribunal issued an Order fixing retail prices of milk and cream in the Wellington Metropolitan area. In terms of the Order, summer prices for milk and cream became operative from the 25th February, milk thereafter being sold at 6½d. per quart instead of 7d., and cream being sold at 1s. 10d. per pint instead of 2s. 2d., the reduced prices being those charged during the preceding summer period. The reduced prices usually come into operation at the beginning of summer and in the preceding season they ruled from the 27th November, 1941, to the 8th April, 1942. In 1942, however, winter prices were continued

after the 27th November, 1942, because following upon the Government increasing the guaranteed price to Dominion producers as from 1st August, 1942, by ½d. per lb. of butter and 31d. per lb. of cheese, the Wellington City Council, under its arrangement with producers supplying milk to the city, paid a higher price for its supplies, this being based on the new guaranteed price. Upon the implementing of the Government's extended plan for stabilization in December, 1942, it became no longer possible for the continuation of the higher retail prices to be permitted, because maintenance of such prices at a time when lower prices usually operate in the Wellington metropolitan area would have represented a departure from stabilization. Accordingly, a price-reduction Order was issued by the Price Tribunal applying to all milk and cream sold by way of retail after the commencement of the Order and on or before the 15th April, 1943.

(h) *Sugar*: No increase in the price of sugar to the public has taken place since the outbreak of war and the price is accordingly still at the pre-war level. The price has been stabilized as a result of arrangements made by the Government of New Zealand with the Colonial Sugar Refining Co. Ltd., and by means of a subsidy paid by the Government to meet the increased cost of raw sugar.

The price is fixed by regulations issued under the Board of Trade Act, 1919, namely, the Board of Trade (Sugar-price) Regulations, 1939. They were issued on the 14th October, 1939, and came into force on the following day and are still in force. The Regulations provide that the maximum price at which sugar may be retailed for cash-over-the-counter in the main centres and certain other places specified in the Schedule to the Regulations is 4d. per lb. At all other places the maximum price is 4d. per lb., plus the amount of any additional freight and charges incurred in the delivery of the sugar from the place of purchase to the place of sale. The Regulations also set out the price to a distributor, to a manufacturer, and to a retail storekeeper.

(i) *Tea*: From the outbreak of war until the 1st September, 1941, when the prices of a number of goods and the rates and fees charged for a number of services became stabilized in terms of the Government's stabilization policy, tea was dealt with by the Price Tribunal in terms of its defined policy of authorizing price increases to the extent of proved increases in costs, subject only to the ability of the applicant to absorb such increases

either wholly or in part. From the date of stabilization, however, tea being a stabilized line, a different procedure had to be evolved. Prices were accordingly "pegged" on the basis of costs ruling on the 1st September, 1941, and arrangements made with importers whereby they themselves would absorb further increases in costs above the basic level on the understanding that when landed costs of future shipments receded they would be permitted to continue to sell at prices based on higher costs until such time as they had become reimbursed for the extra costs which they had, for the time being, absorbed. The administration of this arrangement has been carried out by the Price Tribunal and the Food Controller, each importer being required to make application to the Tribunal in respect of each shipment in accordance with customary procedure. The scheme has been operated by means of a "pool," debits or credits being placed to the "pool," according to whether the costs are above or below the basic level.

(j.) *Potatoes*: On the 12th June, 1942, the Tribunal issued a comprehensive Price Order (No. 92) covering prices of and margins of profit on main crop potatoes right through from the grower to the public. Price Orders were in existence before that, namely, those issued under date of the 23rd December, 1941, and 14th May, 1942. These, however, were emergency orders merely designed to hold the position as far as possible, pending the formulation of a complete and comprehensive scheme of control embracing growers, distributors, wholesalers and retailers, such scheme being embodied, as mentioned, in the subsequent Order dated 12th June, 1942.

This Order prescribed maximum retail prices as follows:—

(a) In the case of potatoes sold at any place within the provincial districts of Canterbury and Otago—
  (i) If sold in June or July, 1942 .... $1\frac{3}{4}$d. per lb.
  (ii) If sold in August, September, October or November, 1942 .... 2d. per lb.

(b) In the case of potatoes sold at any place within the Metropolitan areas of Auckland or Wellington, or within the Cities or Boroughs of New Plymouth, Wanganui, Napier, Gisborne, Picton, Blenheim, Nelson, Greymouth, Westport or Hokitika—
  (i) If sold in June or July, 1942 .... 2d. per lb.
  (ii) If sold in August, September, October or November, 1942 .... $2\frac{1}{4}$d. per lb.

(c) In the case of potatoes sold elsewhere in New Zealand—

(i) If sold in June or July, 1942 .... $2\frac{1}{4}$d. per lb.

(ii) If sold in August, September, October or November, 1942 .... $2\frac{1}{2}$d. per lb.

A further Order (No. 104), was issued by the Tribunal under date of the 31st August, 1942, covering new potatoes, this Order also covering prices at all stages right from the growers, to distributors, to wholesalers, to retailers, and to the public. This Order prescribed that maximum retail prices should be the sum of the cost to the retailer plus any transport or other charges actually paid or payable by the retailer, plus an allowance of $33\frac{1}{3}$ per cent to cover the retailer's margin, but in no circumstances to exceed 7d. per lb. in the case of potatoes sold at any place in the North Island or within the provincial district of Nelson, and $7\frac{1}{2}$d. per lb. in the case of potatoes sold elsewhere in New Zealand.

With further seasonal supplies of new potatoes coming on to the market a further Order (No. 112), covering new potatoes, was issued by the Tribunal on the 7th October, 1942, and came into force on the 9th October, 1942. This Order provided the same procedure as above for determining the retail prices to be charged, and further provided that in no case should such retail prices exceed the following :—

For potatoes sold (by retail) in the North Island or in the Nelson Provincial District—

Period (both dates inclusive) within which retail sale is made.	*Maximum retail price*
(i) 9th October, 1942 to 15th October, 1942	6d. per lb.
(ii) 16th October, 1942, to 31st October, 1942 ..	$5\frac{1}{2}$d. per lb.
(iii) 1st November, 1942, to 15th November, 1942	$4\frac{1}{2}$d. per lb.
(iv) 16th November, 1942, to 30th November, 1942	4d. per lb.
(v) 1st December, 1942, to 31st December, 1942	$3\frac{1}{2}$d. per lb.
(vi) 1st January, 1943, to 28th February, 1943	3d. per lb.

For potatoes sold (by retail) elsewhere in New Zealand—

Period (both dates inclusive) within which retail sale is made.	*Maximum retail price*
(i) 9th October, 1942, to 30th November, 1942 ..	7d. per lb.
(ii) 1st December, 1942, to 31st December, 1942	6d. per lb.
(iii) 1st January, 1943, to 31st January, 1943	$4\frac{1}{2}$d. per lb.
(iv) 1st February, 1943, to 28th February, 1943	$3\frac{1}{2}$d. per lb.

Yet a further Order (No. 116), was issued by the Price Tribunal on the 5th November, 1942, and this came into force on

the 7th November, 1942. In terms of this Order maximum retail prices were fixed as under:—

For potatoes sold (by retail) in the North Island (exclusive of the Provincial District of Auckland)—

Period (both dates inclusive) within which retail sale is made.	*Maximum retail price*
(i) 7th November, 1942, to 21st November, 1942	4½d. per lb.
(ii) 22nd November, 1942, to 6th December, 1942	4d. per lb.
(iii) 7th December, 1942, to 6th January, 1943	3½d. per lb.
(iv) 7th January, 1943, to 28th February, 1943	3d. per lb.

For potatoes sold (by retail) in the Provincial Districts of Auckland and Nelson—

Period (both dates inclusive) within which retail sale is made.	*Maximum retail price*
(i) 7th November, 1942, to 18th November, 1942	4½d. per lb.
(ii) 19th November, 1942, to 3rd December, 1942	4d. per lb.
(iii) 4th December, 1942, to 3rd January, 1943	3½d. per lb.
(iv) 4th January, 1943, to 28th February, 1943	3d. per lb.

For potatoes sold (by retail) elsewhere in New Zealand—

Period (both dates inclusive) within which retail sale is made.	*Maximum retail price*
(i) 7th November, 1942, to 3rd December, 1942	7d. per lb.
(ii) 4th December, 1942, to 3rd January, 1943	6d. per lb.
(iii) 4th January, 1943, to 3rd February, 1943	4½d. per lb.
(iv) 4th February, 1943, to 28th February, 1943	3½d. per lb.

By Price Order No. 117 issued on the same date as the above Order the aforementioned maximum retail prices also became applicable to imported potatoes.

Price Order No. 116, which is still current, was amended by a further Order issued on the 10th December, 1942. In terms of this amending Order the maximum price at which a wholesaler could sell was fixed at £17 10s. per ton in the North Island and in the Provincial District of Nelson, and £21 per ton elsewhere in New Zealand. The maximum retail price was fixed at 2½d. per lb. in the North Island and in the Provincial District of Nelson, and at 3d. per lb. elsewhere in New Zealand. The terms of the marketing adjustment governing the reduction in the retail price effected by the amending Order provided that there would be no change in the provisions of the principal Order regarding prices payable to growers. This involved payment of a temporary subsidy to wholesalers to reimburse them

for any loss incurred in giving effect to these adjustments.

The latest Price Order issued by the Price Tribunal is No. 127, dated the 1st March, 1943, which came into force on the following day. This Order covers 1942-1943 season's main crop potatoes and revokes Price Order No. 92, which covered the previous season's main crop. The Order applies only with respect to potatoes grown in New Zealand that are the produce of seed potatoes planted on or before the 31st March, 1943, but with respect to retailers' prices it also covers imported potatoes. It fixes the actual price to be charged by any grower for fair average quality potatoes and the maximum price to be charged by any such grower for undergrade potatoes. As in previous Orders provision is made for the maximum prices and margins that may be obtained by distributors, wholesalers, and retailers. So far as retailers' prices are concerned, the same formula is laid down as in previous orders, namely that the maximum price that may be charged shall not exceed the sum of the following amounts :—

(a) The price actually paid or payable by the retailer for the potatoes.

(b) Any grading, transport, or other charges actually paid or payable by the retailer.

(c) An amount equal to $33\frac{1}{3}$ per cent of the sum of (a) and (b).

In addition to this formula it is also provided that in no case shall the retail price of potatoes to which the Order applies exceed the following :—

(a) In the case of potatoes sold at any place within the provincial districts of Canterbury and Otago.—If sold during the months of March to July, 1943 (inclusive) $1\frac{3}{4}$d. per lb.

If sold during the months of August to November, 1943 (inclusive), (or thereafter while the Order is in force), 2d. per lb.

(b) In the case of potatoes sold at any place within the Metropolitan Areas of Auckland or Wellington or within the cities or boroughs of New Plymouth, Wanganui, Napier, Gisborne, Picton, Blenheim, Nelson, Greymouth, Westport, or Hokitika.—If sold during the months of March to July, 1943 (inclusive), 2d. per lb.

If sold during the months of August to November, 1943 (inclusive), (or thereafter while the Order is in force), $2\frac{1}{4}$d. per lb.

(c) In the case of potatoes sold elsewhere in New Zealand—
If sold during the months of March to July, 1943 (inclusive), $2\frac{1}{4}$d. per lb.
If sold during the months of August to November, 1943 (inclusive), (or thereafter while the Order is in force), $2\frac{1}{2}$d. per lb.

Maximum prices are also specified for potatoes when sold by retail in lots of 14 lb., 28 lb., 56 lb. or 112 lb.

(k) *Onions*: An Order (No. 103), issued on the 31st August, 1942, fixed maximum prices for onions. The Order covered growers', distributors', wholesalers,' and retailers' prices. The maximum retail price was fixed in accordance with the following formula :—

(a) The price actually paid or payable by the retailer for the onions ;
(b) Plus any transport or other charges paid by the retailer ;
(c) Plus an amount equal to 40 per cent. of the sum of (a) and (b) ; or 6d. per lb. whichever is the less.

The Board of Trade (Onion) Regulations, 1938, also contain provisions governing prices, and must be read in conjunction with the above Order. The most important provision so far as price is concerned is that which prescribes a minimum price for the grower. The regulations provide that no f.a.q. grade onions to which they relate shall be sold or purchased at prices below £4 per ton free on board or free on rail at the port or the railway station, whichever is nearest to the place at which such onions were grown.*

(l) *Fresh Vegetables*: On the 14th August, 1942, the Price Tribunal issued a Price Order (No. 100) fixing maximum wholesale and retail prices of certain kinds of fresh vegetables when sold in any part of New Zealand. The vegetables covered by the Order and the maximum retail prices fixed were as follows :—

	North Island. Price per lb.	*Elsewhere. Price per lb.*
	d.	d.
Swedes	2	$1\frac{1}{2}$
Turnips	2	$1\frac{1}{2}$
Carrots	$3\frac{1}{2}$	3
Parsnips	$3\frac{1}{2}$	3
Pumpkins	4	4
Kumeras	$5\frac{1}{2}$	$5\frac{1}{2}$

*On the 25th March, 1943, a further Price Order (No. 129), was issued covering new season's onions.

The maximum prices fixed applied with respect to sales by auction, as well as to other sales.

An amending Order (No. 102), issued under date of the 31st August, 1942, provided for seasonal increases in pumpkins and kumeras, the maximum prices being raised both in respect of the North Island and elsewhere to 5d. and 6d. per lb. respectively. The new Order also fixed maximum prices for spring carrots as distinct from the main crop carrots already covered in the original Order, the Price for the North Island being 4½d. per lb., and elsewhere 4d. per lb.

(m) *Apples*: On the 23rd October, 1942, the Price Tribunal issued a Price Order (No. 115), fixing maximum wholesale and retail prices of apples grown in New Zealand during the 1942 season. The maximum wholesale price fixed was 13s. 6d. a standard case, and the maximum retail price 6d. per lb. As the Order was issued at the end of the season when supplies are naturally short and when prices are normally relatively high, a useful purpose was served by the issue of the Order at this juncture, and under the conditions and circumstances ruling it prevented prices from rising to levels which they otherwise would have attained.

By a later Order (No. 122), issued on the 26th January, 1943, the provisions of the above Order became applicable to the first of the new season apples so as to cover the position until such time as a comprehensive Order was issued fixing prices of the new season's crop.

(n) *Apricots*: Price Order No. 123 issued on the 27th January, 1943, and effective from the following day, fixed maximum prices for all apricots grown in New Zealand and sold on or before 30th April, 1943. It covered growers', wholesalers', and retailers' prices.

Maximum retail prices became fixed in terms of the following formula:—

(a) The price actually paid by the retailer for the apricots;

(b) Plus any transport or other charges actually paid by the retailer;

(c) Plus an amount equal to 50 per cent of the sum of (a) and (b).

It was also provided, however, that in no case could the retail price exceed—

8½d. per lb. in the Otago, Southland and Canterbury Provincial Districts.

9½d. per lb. in the Marlborough, Westland, Nelson, Wellington, Hawke's Bay, and Taranaki Provincial Districts.

10½d. per lb. in the Auckland Provincial District.

(o) *Bananas*: An Order (No. 119), issued by the Price Tribunal on the 9th December, 1942, and which came into force on the 14th December, 1942, fixed maximum retail prices of bananas as follows:—

(i) In the case of bananas sold at any place within the Metropolitan areas of Auckland, Wellington, Christchurch, or Dunedin, 7d. per lb.

(ii) In the case of bananas sold elsewhere in New Zealand, 7½d. per lb.

The Order makes it obligatory on the part of retailers to sell bananas at "per pound" instead of at "per dozen" or at a given number for a shilling, as has been customary in the past.

(p) *Woollen goods*: In the case of woollen goods made in New Zealand, an increase of 15 per cent calculated on the mill cost was granted to woollen mills soon after the outbreak of war to compensate for an increase in the cost of raw wool, the price paid by local manufacturers being based on the price obtained for wool exported. A further increase in woollen goods was brought about later on by the imposition of an additional 5 per cent Sales Tax, which became operative from the 28th June, 1940. The total of these two increases has meant an advance in the retail price to the public of approximately 12½ per cent since September, 1939. Prices have become stabilized on the basis of the higher prices resulting from these two factors. Price Orders have been issued by the Price Tribunal covering practically all lines of New Zealand-made woollen underwear and hosiery.

(q) *Footwear*: Similarly in regard to footwear manufactured in New Zealand from New Zealand leather, prices have become stabilized on the basis of a higher level due to the same two factors, namely, an increase in the cost of hides, based on higher prices obtained for export hides, and a further increase to the extent of the additional 5 per cent Sales Tax, which became operative from the 28th June, 1940.

(r) *Coal*: No increase has been permitted in the price of coal since the outbreak of war and prices are, accordingly, still at their pre-war level. Stabilization has been achieved by means of a Government subsidy to meet increased costs of mine-owners.

(s) *Gas and Electric Light* : Gas and electric light are price-stabilized lines and no increases in the price of either have taken place during the war period. So far as gas is concerned, all the large undertakings, both municipal and private, come under the Board of Trade (Gas) Regulations, 1924, and amendments thereto. These regulations provide protection to the public in respect of calorific value, purity, pressure, measurement and price. The prices charged by these undertakings for gas supplied by them are fixed under these regulations, having due regard to the calorific value of the gas. The prices of gas supplied by all other undertakings not covered by the Board of Trade (Gas) Regulations are fixed by the Price Stabilization Emergency Regulations, 1939, at the levels ruling on the 1st September, 1939. The rates charged for electricity throughout New Zealand are likewise those which operated on the 1st September, 1939, such fixation or " pegging " of rates also being accomplished under the provisions of the last mentioned Regulations.

CHAPTER XVI

PUBLICITY AS AN AID TO PRICE CONTROL

IT GOES WITHOUT SAYING THAT PRICE STABILIZATION TO BE effective must be faithfully observed by buyer and seller alike and that every member of the public must co-operate in seeing that it is carried out. To that end the public must be informed upon the subject of prices, and appropriate steps have accordingly been taken in New Zealand to that end, this being accomplished by means of certain provisions in the Price Control Regulations.

One of the recommendations of the Economic Stabilization Conference was to the effect that in the opinion of the conference better results could be obtained, more especially in the control of retail prices, *inter alia,* " by publication of price increases granted by the Tribunal from time to time." In principle it is sound that the public should be informed as to the prices which they have to pay, especially in regard to the lines that enter largely into the cost of living. To this end, where Price Orders are issued by the Price Tribunal notification

of the issue thereof is given in the official *Gazette* and, in addition, notice is, in most cases, given by newspaper advertisement.

With a view to meeting this recommendation and to informing the public still further as to authorized prices and price increases, Regulations entitled "The Control of Prices Emergency Regulations, 1939, Amendment No. 2," were passed by the Government, and were notified in the *Gazette* under date of the 29th January, 1942. The Regulations imposed an obligation on every retailer for the time being engaged in selling any goods of which the retail price had been fixed by a Price Order, either :—

"(a) To keep a copy of the Price Order or a statement of the prices fixed thereby prominently displayed in every part of his shop in which any such goods are sold or offered for sale ; or

(b) To keep in his shop a record or file of such Price Orders available for inspection by customers on request. In any case to which this paragraph applies the retailer shall display in every part of his shop in which any goods to which the Price Order relates are displayed or offered for sale a prominent notice to the effect that the relevant Price Orders will, on request, be made available in that part of the shop for inspection by any customer who wishes to inspect them."

These regulations were amended by a clause in the Control of Prices Emergency Regulations, 1939, Amendment No. 3, which provides that it is the duty of every retailer engaged in the business of selling any goods the retail price of which is fixed by a Price Order, to keep a copy of such Order or a statement of the prices fixed thereby in respect of such goods prominently displayed in his shop so that customers may freely consult the Price Order or statement without having to ask for or obtain permission to do so. The importance of this clause lies firstly in the elimination of the alternative previously open to retailers to keep in their shops a record or file of such Price Orders available for inspection by customers on request, an alternative which did not in practice prove entirely satisfactory, and secondly, in the provision that Price Orders or statements of prices fixed thereby must be so displayed that customers may freely consult them "without having to ask for or obtain permission to do so."

These Regulations go quite a long way towards meeting the public's desire for information as to prices. To publish all prices

and all price increases in every part of New Zealand would, however, involve serious difficulties, not least of which is the enormity of the task of notifying, for public information, the prices of all commodities sold within the Dominion, as well as frequent changes in such prices in many cases. The difficulty is enhanced by the variation in prices which exists for the same commodity in different localities, and even from shop to shop in the same locality. This variation or lack of uniformity in prices generally is due, as pointed out earlier, to various factors including differences in costs, including freight and transport, differences in the class of trade catered for and differences in the nature and extent of the service provided by the trader. These, and other causes of price variations, were inherent in trade and commerce generally prior to the war, and the nature of the system of Price Control adopted in New Zealand (a system having as its basis the price at which each individual person or firm sold or was willing to sell on the 1st September, 1939), has maintained these price differentials except in cases where, to achieve stabilization or for some other reason, uniformity in the prices of certain commodities has been brought about by the issue of Price Orders or by other means.

In addition to being informed upon the subject of prices and price increases, it is also necessary that the public be equally as well informed in regard to other phases of the matter. A proper appreciation on the part of the public and traders of the policy, principles and objectives of price control and stabilization is essential to the success of such policy, and to the attainment of such objectives, and these can only be fully obtained by adequate publicity.

Likewise, in the enforcement of the law, publicity for the deliberate wrongdoer is an invaluable aid, bringing, as it does, upon the offender the reprobation of the public and the moral stigma that should rightly attach to the commission of an offence which from any standpoint cannot be regarded in time of war as other than serious. The open light of publicity on offenders is a valuable deterrent against the commission of breaches of the law.

CHAPTER XVII

CONCLUSION

IN CONCLUDING THIS BRIEF REVIEW OF WAR-TIME PRICE CONTROL in New Zealand, it may be said that with a subject so vast and complex there is inevitably a good deal of misunderstanding and misconception in regard to matters pertaining to price control and especially in regard to such increases in prices and in living costs as do occur despite rigid control. Likewise, there is a good deal of loose figuring in regard to these matters. It may be as well, therefore, in closing to dispose of a few of these misconceptions. For instance, there may be a temptation on the part of some people to take selected commodities in arbitrary quantities without any reference to the bigness or smallness of the part these commodities play in the cost of living, and to argue on the basis of the percentage increases in the prices of such commodities that the cost of living has increased by a stated figure. The fallacy of this unscientific line of argument may easily be shown. If A. has to spend a shilling a month on a certain commodity instead of 6d., it represents an increase of 100 per cent on this item, but on a household budget of £20 per month it represents an increase of only one-eighth of one per cent. It is the 6d. that matters and not the percentage.

Similarly, if the price of a hat or a suit increases by 5 per cent, that does not mean an increase of 5 per cent in the cost of living. A hat or a suit lasts the average person some considerable time and, spread over the life of the article, the influence of the price rise on the cost of living of the individual would only be a very small fraction of the percentage increase in the price of the article. Furthermore, it may not mean any increase at all in the cost of living of a substantial section of the community for some considerable time because that section of the public may have sufficient in the way of hats and suits to last them for a while.

Another difficulty in arriving at any more or less accurate figure of the cost of living is that in a free democratic country where everyone is allowed to indulge his or her own varying tastes and habits in respect of food, clothing, etc., there are many

items which figure in widely varying proportions in different family budgets. Consequently, an increase in the price of one item may affect one family very little, while the same increase in respect of another family may make an appreciable difference to the amount of income that that family has left available for other purposes.

A further important point to bear in mind, too, is that in many cases the actual increase in the cost of living may not be as great as that theoretically arrived at by quoted figures even where they are scientifically constructed. This is because when the prices of certain commodities rise some people may either do without those commodities, or they may buy fewer of them, or they may buy a substitute or a cheaper article, while the cost of living figures quoted continue to refer to the original article however high the price may rise.

All of these are points that should be carefully kept in mind in discussions on the effect of increases in prices on the cost of living, because, if they are not, one is likely to fall into error. It should also be remembered that it is only human nature to give more attention to the prices which go up than to those which have remained stationary since the war began, as for example, wheat, flour, bread, meat, butter, cheese, milk, sugar, coal, gas and electricity, etc.

Up to the present, the best and, in fact, the only available criterion of the effectiveness of price control generally in New Zealand is the retail price index compiled and issued month by month by the Government Statistician. In terms of the Government's stabilization policy, a war-time price index will also be prepared from now on. The retail price index shows that between August, 1939, and December, 1942, the increase was to the extent of 13·4 per cent. In comparison with this figure, the latest statistics available in respect of certain other countries are as follows :—

United Kingdom (December, 1942)	28·8 per cent
Australia (December, 1942)	22·5 ,, ,,
South Africa (August, 1942)	18·4 ,, ,,
Canada (August, 1942)	16·8 ,, ,,
United States (July, 1942)	16·2 ,, ,,

New Zealand stands out to substantial advantage in such comparison, especially when it is considered that this country is probably more dependent for supplies of certain raw materials and finished commodities from abroad than any of the other

countries mentioned, and is, consequently, to that extent relatively more likely to feel the effects of price rises overseas, such rises being, it must be remembered, beyond the jurisdiction of the Price Tribunal.

Finally, it cannot be too strongly emphasized that effective price control requires the co-operation of all concerned. The public, as well as traders, must each play their part in seeing that the decisions of the price control authority are observed. With a larger share of the national production being used for war purposes, the share left for home use is sharply diminished. At the same time, however, more money is in the hands of the people through increased employment. With more money to spend and less goods to buy, a general rise in prices takes place if no control is exercised or if control is ineffective. In such circumstances, money steadily loses its value in terms of goods, and inflation results. Price control in time of war is, therefore, of vital importance to a country in the national interest and in the successful prosecution of its war effort. Every man and woman should, therefore, have a full sense of individual responsibility for seeing that the objectives of stabilization and price control are attained and an equally full realization of the effect which each individual's actions will have on the measure of success achieved.

APPENDIX A

LIST OF ACTS AND REGULATIONS AFFECTING INTERNAL PRICE CONTROL

Price Stabilization Emergency Regulations, 1939.
Control of Prices Emergency Regulations, 1939.
Price Stabilization Emergency Regulations, 1939, Amendment No. 1.
Control of Prices Emergency Regulations, 1939, Amendment No. 1.
Control of Prices Emergency Regulations, 1939, Amendment No. 2.
Control of Prices Emergency Regulations, 1939, Amendment No. 3.
Economic Stabilization Emergency Regulations, 1942.
Board of Trade Act, 1919.
Motor Spirits (Regulation of Prices) Act, 1933.
Prevention of Profiteering Act, 1936.
Marketing Act, 1936. (Primary Products Marketing Act, 1936.)
Primary Products Marketing Amendment Act, 1937.
Board of Trade (Gas) Regulations, 1924 (and Amendments).
Board of Trade (Bread-price) Regulations, 1936.
Board of Trade (Wheat and Flour) Regulations, 1938.
Board of Trade (Fertilizer-price) Regulations, 1938.
Board of Trade (Fertilizer-price) Regulations, 1938, Amendment No. 1.
Board of Trade (Onion) Regulations, 1938.
Board of Trade (Sugar-price) Regulations, 1939.
Board of Trade (Price-investigation) Regulations, 1939.
Board of Trade (Raw Tobacco price) Regulations, 1942.

APPENDIX B

LIST OF PRICE ORDERS ISSUED BY THE PRICE TRIBUNAL

Price Order No.	Fixing Price of
1	Sacks.
2	Board Products, manufactured by Whakatane Paper Mills Ltd.
3	Scrap Metal.
4	Potatoes.
5	Meat.
6	Nails.
7	Board Products, manufactured by Whakatane Paper Mills Ltd.
8	Meat.
9	Raw Tobacco Leaf.
10	Superphosphate.
11	Rags.
12	Board Products, manufactured by Whakatane Paper Mills Ltd.
13	Matches.
14	Storage Batteries.
15	Bolts and Nuts, Nuts and Coach Screws.
16	Scrap Metal.
17	Boot and Shoe Repairs.
18	Board Products, manufactured by Whakatane Paper Mills Ltd.
19	Board Products, manufactured by Whakatane Paper Mills Ltd.
20	Canned Asparagus, packed by J. Wattie Canneries Ltd., of Hastings.
21	Fencing Wire.
22	Wire Netting.
23	Masonite Presdwood and Cane-ite Insulating Board.
24	Baking Powder, 'Acto' Brand, manufactured by T. J. Edmonds Ltd., of Christchurch.
25	Milk sold within the Borough of Napier.
26	Board Products, manufactured by Whakatane Paper Mills Ltd.
27	Beeswax.
28	Matches (Beehive).
29	Oats.
30	Raw Tobacco Leaf.
31	Soup Powders, manufactured by W. F. Tucker & Co., of Auckland.
32	Chewing Gum, manufactured by Wrigley's Products (N.Z.) Ltd.
33	Baking Powder, manufactured by G. E. Winson, of Auckland.

Price Order No.	Fixing Price of
34	Knitting Wools (Patons and Baldwins).
35	Footwear (Arch-curve women's shoes, manufactured by Swinton and Oates Ltd., of Auckland).
36	Polishes and Stains, manufactured by the Kiwi Polish Co., of N.Z., Ltd.
37	Milk and Cream in the Auckland Metropolitan area.
38	Boot and Floor Polishes, manufactured by the Nugget Polish Company of N.Z. Ltd.
39	Three-in-one Oil.
40	Eggs.
41	Coke.
42	Meat.
43	Knitted Wear, manufactured by Lane, Walker, Rudkin Ltd., of Christchurch.
44	Knitted Wear, manufactured by the Roslyn Mill.
45	"Glacia" Iodised Salt.
46	Butter.
47	Footwear (women's shoes, manufactured by N.Z. Slippers Ltd., of Lower Hutt, Wellington).
48	Knitted Wear, manufactured by the Kaiapoi Mills.
49	Knitted Wear, manufactured by Lane, Walker, Rudkin Ltd., of Christchurch.
50	Candles.
51	Knitted Wear, manufactured by the Mosgiel Woollen Factory Co. Ltd.
52	Knitted Wear, manufactured by the Bruce Woollen Manufacturing Co. Ltd.
53	Knitted Wear, manufactured by the Wellington Woollen Manufacturing Co. Ltd.
54	Knitted Wear, manufactured by Gollin & Co. Pty. Ltd.
55	Knitted Wear, m'f'tured by the Manawatu Knitting Mills Ltd.
56	Whey Butter.
57	Symington's Essence of Coffee and Chicory.
58	Exercise Books, nature study exercise books, writing pads and drawing books for use in Primary Schools.
59	Board Products manufactured by Whakatane Paper Mills Ltd.
60	Golden Syrup and Treacle.
61	Used Milk Cans.
62	Knitted Wear, manufactured by Silknit (N.Z.) Ltd., of Auckland.
63	Knitted Wear, manufactured by Stirling Henry (N.Z.) Ltd., of Auckland.
64	Chocolate and Confectionery.
65	Board Products, manufactured by Whakatane Paper Mills Ltd.
66	Fish.
67	Potatoes.
68	Superphosphate.

Price Order No.	Fixing Price of
69	Unreconditioned Second-hand Apple Fruit Cases.
70	Imitation Crystallized Cherries.
71	Knitted Wear, manufactured by Amos Soft Goods Ltd., of Wellington.
72	Knitted Wear, manufactured by Lane, Walker, Rudkin Ltd., of Christchurch.
73	Knitted Wear, manufactured by Lustre (N.Z.) Ltd., of Wellington.
74	Knitted Wear, manufactured by R. & W. H. Symington & Co. (N.Z.) Ltd.
75	Candles.
76	Board Products, manufactured by Whakatane Paper Mills Ltd.
77	Raw Tobacco Leaf.
78	Oats.
79	Knitted Wear, manufactured by Silknit (N.Z.) Ltd.
80	Rice.
81	Potatoes.
82	Unreconditioned Second-hand Apple Fruit Cases.
83	Three-in-one Oil.
84	Board Products, manufactured by Whakatane Paper Mills Ltd.
85	Canned Asparagus, packed by J. Wattie Canneries Ltd., of Hastings.
86	Boot Polish and Stains, manufactured by the Kiwi Polish Co. of N.Z. Ltd.
87	Boot and Floor Polishes, manufactured by the Nugget Polish Co. of N.Z. Ltd.
88	Soup Powders, manufactured by W. F. Tucker & Co., of Auckland.
89	Imitation Crystallized Cherries.
90	Knitting Wools (Patons and Baldwins).
91	Chocolate and Confectionery.
92	Potatoes.
93	Eggs.
94	Potatoes (seed).
95	Nails.
96	Matches.
97	Solders and Wiping Metals.
98	Meat.
99	Superphosphate.
100	Vegetables (swedes, turnips, carrots, parsnips, pumpkins, and kumeras).
101	Butter.
102	Vegetables (swedes, turnips, carrots, parsnips, pumpkins and kumeras).
103	Onions.
104	Potatoes.
105	Fish.

Price Order No.	Fixing Price of
106	Footwear (children's and maids' shoes, manufactured by H. M. Marler & Co. Ltd., of Auckland).
107	Candles.
108	Galvanised Wire.
109	Knitted Wear, manufactured by Silknit (N.Z.) Ltd., of Auck.
110	Knitted Wear, manufactured by Lane, Walker, Rudkin Ltd., of Christchurch.
111	Knitted Wear, manufactured by Stirling Henry (N.Z.) Ltd., Auckland.
112	Potatoes.
113	Woolpacks.
114	Cheese.
115	Apples.
116	Potatoes.
116	Amendment No. 1, Potatoes.
117	Potatoes (imported)
118	Eggs.
119	Bananas.
120	Candles.
121	Honey.
122	Apples.
123	Apricots.
124	Tinned Pineapples.
125	Retail Prices of Milk and Cream in Wellington Metropolitan Area.
126	"Glacia" Iodized Salt.
127	Potatoes (main crop).
128	Eggs.
128	Amendment No. 1, Eggs.
129	Onions.

APPENDIX C

LIST OF PRICE-STABILIZED COMMODITIES

Bread
Flour
Oatmeal
Rolled Oats
Tea
Coffee
Sugar
Honey
Salt
Baking Powder
Milk (fresh and condensed)
Bacon (shoulder and middle cut)
Butter
Cheese
Eggs
Meat
Potatoes
Onions
Jam
Golden Syrup
Treacle
Matches
Rice
Rasins
Peaches (canned)
Prunes (dried)
Fish
Carrots
Parsnips
Cabbages
Swedes
Lemons
Apples
Coal
Coke
Gas
Electric Current
Tram Fares
Men's Underwear (N.Z. wool)
Men's Socks (N.Z. Wool)
Men's Boots (N.Z. leather)
Men's Shoes (N.Z. leather)
Men's Shoe Repairs
Women's Shoes (N.Z. leather)
Women's Shoe Repairs
Women's Underwear (N.Z. wool)
Girls' Underwear (N.Z. wool)
Girls' Shoes (N.Z. leather)
Girls' Sandals (N.Z. leather)
Girls' Shoe Repairs
Boys' Jerseys (N.Z. wool)
Boys' Underwear (N.Z. wool)
Boys' Hose (N.Z. wool)
Boys' Boots (N.Z. leather)
Boys' Shoes (N.Z. leather)
Boys' Shoe Repairs
Infants' Jerseys (N.Z. wool)
Infants' Socks (N.Z. wool)
Infants' Shoes (N.Z. leather)
Infants' Shoe Repairs
Infants' Underwear (N.Z. wool)
Woollen Piece Goods (N.Z. wool)
Knitting Wool (N.Z. wool)
Suiting (N.Z. wool)
Men's Wear, including suit (N.Z. material)
Pullover (N.Z. wool)
Sports Coat (N.Z. material)
Sports Trousers (N.Z. material)
Working Overalls
Shirt (cotton)
Shirt (working)
Singlet (locknit)
Underpants (interlock)
Pyjamas (flannelette)
Hat
Raincoat
Blankets (N.Z. wool)
Women's Wear, including skirt, tweed (N.Z. wool)

Stockings (lisle, silk and artificial silk)
Pullover (N.Z. wool)
Overcoat (N.Z. tweed)
Ready-made Wool Frocks (N.Z. wool)
Vests (locknit)
Bloomers (locknit)
Pantees (interlock)
Underslip (locknit)
Nightdress (interlock)
Pyjamas (winceyette)
Gloves (nappa)
Smock
Dirndl
Hats (felt)
Ready-made Frocks (cotton)
Ready-made Frocks (art silk)
Corselettes
Raincoat
Woollen Blouse Material (imported)
Cotton Blouse and Frock Material
Art Silk Blouse and Frock Material
Girls' Wear, including gym. frock (N.Z. materials)
Stockings, cashmere (N.Z. wool)
Sockettes (lisle)
Cardigan (N.Z. wool)
Overcoat (N.Z. tweed)
School Hat
Vest (interlock)
Bloomers (interlock)
Nightdress (locknit)
Pyjamas (winceyette)
Frock (cotton)
Raincoat
Boys' Wear, including suit (N.Z. material)
Shorts (N.Z. material)
Overcoat (N.Z. material)
School Caps
Flannel Shirts (N.Z. flannel)
Singlet (interlock)
Underpants (interlock)
Shirt (cotton)
Pyjamas (flannelette)
Infants' Wear, including pants (N.Z. wool)
Overcoat (N.Z. tweed)

Slippers
Shirt (cotton)
Singlet (wool and cotton)
Pyjamas (winceyette)
Sheetings
Sheets (double and single)
Pillow slips
Towels
Tea Towels
Table Cloths
Plates
Cups and Saucers
Mixing Bowls
Bedstead
Dressing Chest
Wardrobe
Mattress (wire or wood)
Mattress (wool)
Pillows
Dining Table
Dining Chairs
Sideboard
Kitchen Table
Occasional Table
Kitchen Stool
Soap (laundry)
Starch
Cleaner (Old Dutch)
Boot Polish
Clothes Pegs
Blue
Stew Pan
Preserving Pan
Colander
Pudding Basin
Pie Dish
Jug
Mug
Basin
Kettle
Teapot
Tin Kettle
Tin Dipper
Round Cake Tin
Sandwich Tin
Dessert Knives
Teaspoons
Table Knives
Dessert Spoons

Table Forks	Bucket (galv.)
Dessert Forks	Frypan
Table Spoons	Bakepan
Spade	Fire Shovel
Axe	Mincer
Rake	Papers
Hoe	School Stationery
Corn Broom	Toothpaste
Mop	Soap (toilet and shaving)
Broom (hair and fibre)	Hair Cuts
Brush (scrub)	Razor Blades
Banister Brush	Postage
Washboard (wood)	Telegrams
Electric Lamp	Tobacco

Loquacity	or reserve
Skill	- clumsiness
Readiness of expression	- Taciturnity
Spontaneity	- Deliberation
Passion	" frigidity
Conscientiousness	- Superficiality
Mental balance	- nervousness
Sincerity	- hypocrisy
Modesty	- Self importance
Ambition	" Indolence
Sensitiveness	- Callousness

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